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STATE OF NEW YORK

Temporary Emergency Relief Administration

AIDING THE UNEMPLOYED

A Survey of Methods and Trends in 24 Foreign Countries Made for Advisory Committee on Planning of the Temporary Emergency Relief Administration

By
HERTHA KRAUS, Ph.D.

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TEMPORARY EMERGENCY RELIEF ADMINISTRATION
State Office Building, Albany
79 Madison Avenue, New York

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TABLE OF CONTENTS

		PAGE
I.	Introduction	7
	Aims and Scope of Survey	7
	Selection of Material	8
	Reservations as to International Comparisons	8
II.	Insurance versus Relief	11
	Different International View Points	11
	Definition of Terms and Basic Concepts	13
III.	Maintenance of the Unemployed through Insurance	16
	Voluntary Insurance Systems	16
	Compulsory Insurance Systems	17
	Administration	18
	Control of Funds	19
	Financial Resources	21
	Gradations of Contributions and Benefits	23
	Limitations in Insurance Systems	24
	Need for Supplementary Assistance	25
IV.	Maintenance of the Unemployed through Relief	27
	Direct Relief as the Main Form of Assistance	27
	Work Relief as the Main Form of Assistance	27
	Relief in Kind	28
	Relief as a Supplement to Insurance	30
	Conclusions	32
V.	Security Measures Other Than Unemployment Insurance	36
	Sickness Insurance	36
	Invalidity Insurance	39
	Old Age Insurance	40
	Insurance for Widows and Orphans	47
VI.	Placement Services	48
	Necessity of Qualified Employment Exchanges	49
	Sheltered Employment	51
VII.	Vocational Training and Rehabilitation	54
	General Trends	55
	Vocational Training for Adults	56
	Non-Vocational Instruction for Adults	58
	Subsistence Gardens	59
VIII.	Special Projects for Young Unemployed	64
	Proportion in the Unemployed Population	64
	Efforts at Prevention	65
	Vocational Guidance	66
	Vocational Training	68
	Voluntary Work Service	70
IX.	Government Efforts to Redistribute and Create Work	78
	Increase of Trade Facilities	79
	Redistribution of Labor	79
	Assistance to Industry and to Individuals	82
	Emergency Public Employment: Small Differentiated Programs	86
	Mass Programs	87
	Controversies Regarding Emergency Employment	91
	Financing Re-employment Programs	93
X.	International Tendencies and Conclusions	96
	Bibliography	98

AIDING THE UNEMPLOYED

A SURVEY OF METHODS AND TRENDS IN TWENTY-FOUR FOREIGN COUNTRIES MADE FOR ADVISORY COMMITTEE ON PLANNING OF THE TEMPORARY EMERGENCY RELIEF ADMINISTRATION

By Hertha Kraus, Ph.D.

FOREWORD

The following report of the methods of aiding the unemployed now used in twenty-four countries was prepared by Dr. Hertha Kraus for the use of the Advisory Committee on Planning of the New York State Temporary Emergency Relief Administration. This Planning Committee terminated its activities in September 1934, and transferred its studies and findings to the Commission on Unemployment Relief which was appointed by Governor Herbert H. Lehman on August 15, 1934.

Much thought and attention is now being given to the question of economic and social security in all sections of the United States. The Temporary Emergency Relief Administration feels that the following review of the variety of programs undertaken by other nations, which have been forced to meet unemployment relief needs on a large scale for many years, may be of interest and value to relief administrators in this State and country as well as to those citizens who are giving considerable time and thought to the public welfare problem.

Needless to say, the responsibility for opinion or fact contained herein rests solely with Dr. Kraus who undertook this task for the Administration. The report, therefore, should not be regarded as reflecting the views or opinions of the Administration.

Dr. Kraus is a graduate of the Training School for Social Workers at the University of Frankfurt. She was for several years the director of the Wohlfahrtsamt (comparable to a Department of Public Welfare) in Cologne, Germany. Since coming to this country, she has served in a consulting capacity to numerous social agencies, both public and private, and is at present a professor of social work at the Carnegie Institute of Technology.

Acknowledgment should be made to the Family Welfare Association of America which provided Dr. Kraus with working quar-

ters and clerical and other assistance in the preparation of this manuscript, and to the Charity Organization Department, Russell Sage Foundation, for undertaking to edit it for publication.

This service did not include checking data and references, for which Dr. Kraus assumes complete responsibility.

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I. INTRODUCTION

AIMS AND SCOPE OF SURVEY

This study is a brief survey of the various programs of unemployment assistance prevailing in Europe and elsewhere today. Demand for such information among American readers is seen to be increasing as a result of current developments in the field of unemployment assistance in this country. Leaders in American social work are persistently endeavoring to find more satisfactory methods for meeting the needs of the unemployed here, and are becoming convinced that mere relief must give way to better regulated and more progressive forms of assistance. They are beginning to look abroad in order to discover what other countries have been doing for their unemployed during the depression. What has been done not only to help them to survive, but also to maintain their capacity to work? What major mistakes have been noticeable in foreign developments which we should understand in order that we may avoid repeating them?

Students with ample time for thorough research will find a wealth of material dealing with this subject. Much of it is of a highly technical nature. A flood of publications has been released abroad in recent years, describing unemployment assistance measures adopted by our sister nations and reporting on their effectiveness. Some of these documents are national reports, while others are studies made by students from other nations.

The International Labor Office in Geneva has regarded the study of unemployment and relief, from an international point of view, as one of its major functions and has issued several extensive reports covering this field.[1] In addition, numerous articles have appeared in International Labor Office periodicals from time to time.[2] These documents probably are the most complete and reliable records to be found of outstanding developments in the countries represented in the League of Nations.

[1] International Labour Conference, 17th Session, Geneva, 1933. Unemployment Insurance and Various Forms of Relief for the Unemployed. Third item on the agenda; first discussion.
International Labour Office. International Survey of Social Services (Studies and reports, Series M, No. 11), Geneva, 1933.
International Labour Office. Unemployment and Public Works (Studies and reports, Series C, No. 15), Geneva, 1931.

[2] International Labour Review (Monthly); Industrial and Labour Information (Weekly).

While every care has been taken to include in this survey all recent developments in the countries studied that seem to be of more than passing significance, the source material has not been complete enough, nor was the time available for the study sufficient to build up a truly characteristic picture of all problems of unemployment.

It is the very abundance of such material which seems to make a summary of basic information and a selection of factual material desirable.

SELECTION OF MATERIAL

The processes of selection and evaluation of material have been influenced by two considerations: first, the desire to present a general picture of unemployment assistance in a number of countries and second, the wish to point out such details of the various national schemes as may have some immediate bearing on the solution of the American relief and rehabilitation problem. For this reason, special attention has been devoted to those measures designed to protect and develop the working capacity of the unemployed, especially in the younger age group; and to plan for promoting and actively stimulating re-employment.

Since a good deal of the material used is widely scattered and relatively inaccessible, it was felt that selected excerpts, presenting characteristic features of developments in the majority of countries discussed, might be helpful.

RESERVATIONS AS TO INTERNATIONAL COMPARISONS

A word of reservation may be advisable at this point. The plight of the unemployed in each country should be viewed in relation to the economic conditions, living standards, and traditions of the land in which they live. The unemployed are not an isolated class. National resources, or the lack of them, affect their lot in a degree very little different from that governing their countrymen living on reduced incomes.

Unemployed people in countries with low living standards are automatically cared for on lower standards of relief than citizens of nations where the scale of living is higher. Unemployment relief or insurance allowances in counties where low wages prevail will also be lower than similar allowances in countries having a higher wage level. Yet the purchasing power of the smaller allowances may be greater than that of the larger ones.

Whether there is urgent need for new and specific measures for

the maintenance of the unemployed in any given country will be found to depend largely on the basic dependency provisions of that country; that is, on the effectiveness of the national poor relief laws. The more absolete the public poor relief agencies of a country are, the more vital is the need for developing new agencies to take care of the unemployed.

However, it is not only the status of a country's relief set-up which determines the extent of aid given to the unemployed population. Other organized social services, public or private, will be found buttressing relief at many points. Any comparative study of national programs should, for this reason, take into account such major supplementary services as sickness insurance, maternity insurance, old age insurance and pensions, and similar protective schemes. In countries which lack any or all of these facilities the unemployed will naturally be exposed to greater suffering since, in addition to suffering from unemployment, they will have no protection against the risks of sickness, chronic disability, maternity, old age and death.

Although the present depression seems to have affected practically all civilized nations, it is essential to remember that it did not strike all at the same time. While Austria, Germany and Great Britain have struggled under a severe load of unemployment for approximately ten years, other western European countries, notably France and Belgium have experienced extensive unemployment for a comparatively short period.

In some lands, therefore, public opinion and national resources have been mobilized for some time to meet the terrific challenge of nation-wide unemployment; these nations are now beyond the stage of excited experimentation; besides their financial resources may be practically exhausted. Other countries have only recently awakened to the fact that the unemployment situation is not an emergency condition, and are now beginning to prepare for more permanent and thoroughgoing measures to meet a challenge which is relatively new to them.

When comparing measures of assistance provided, and the trends of current planning in different countries, it will be well to examine national attitudes governing the various approaches to the problem. Those nations in which the thinking in all national affairs is dominated by a demand for increased economy will be found to differ in attitudes from those countries which are in search of more progressive systems of care, not only for their unemployed, but for other groups of dependent families as well.

In countries where many years of prosperity have kept the public from realizing how obsolete their systems of public services may have become, the depression has led to an awakening. People are beginning to visualize the social needs of the masses as never before; and social planners are eager to take advantage of this opportunity and to develop a diversity of services looking toward increased economic security while such understanding lasts.

In studying foreign experience, attention should be given not only to earlier experiments in setting up unemployment assistance schemes, but also to more recent reactionary developments resulting from demands for increased economy.

II. INSURANCE VERSUS RELIEF

DIFFERENT INTERNATIONAL VIEWPOINTS

At the first session of the International Labor Conference, held in Washington, D. C., in 1919, a recommendation was adopted proposing that "Each member of the International Labor Organization establish an effective system of unemployment insurance, either through a government system or through a system of government subventions to associations whose rules provide for the payment of benefits to their unemployed members."

At the eighth session of the conference in 1926, another resolution[1] requested the International Labor Office to increase to the utmost its efforts to secure a wider adoption of the measures proposed in the recommendations on unemployment, including among other things the creation and extension of systems of unemployment insurance.

Both recommendations refer to methods of assisting the unemployed that have been developed beyond the activities of public outdoor relief, indicating that the majority of delegates to the International Labor Conferences favored unemployment insurance as contrasted to direct relief.

It may not be without significance that the seventeenth session of the International Labor Conference, held in Geneva in 1933, did not formulate a similar recommendation, although the topic was fully discussed on the basis of an extensive report[1] on Unemployment Insurance and Various Forms of Relief for the Unemployed, submitted to the conference by the International Labor Office. The Office merely drew up, as a result of its findings, a list of points concerning benefit schemes for the involuntarily unemployed on which the member governments should be consulted in preparation of a draft convention.

At that time, in evaluating the experience during several years of widespread unemployment in many countries, it seemed desirable to leave to each government a choice between (a) a benefit system, applicable compulsorily to all wage earners and salaried employees, or certain specified classes of them; and (b) forms of assistance dependent upon the voluntary initiative of the persons concerned. No recommendation was made favoring insurance

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[1] International Labour Conference, 17th Session, Geneva, 1933. Unemployment Insurance and Various Forms of Relief for the Unemployed. Third item on the agenda; first discussion, p. 1.

over other types of assistance such as those embraced within the broader term "Benefits."

In July, 1932, a Technical Commission of the International Association for Social Progress, meeting in London to study the problem of unemployment insurance and public assistance, took a more definite stand in regard to this problem. It recommended:[2]

> 1. That all those who are able to work and for whom no suitable employment is available, shall receive benefits.
> 2. Benefits shall be based preferably on a national contributory system, guaranteeing definite rights to insured persons.
> 3. During the present crisis, however, the central and local authorities have had to take special measures to grant or maintain benefits outside the existing insurance systems. These special measures shall be closely co-ordinated with existing insurance systems and the administration shall be entrusted to the same national authority as that of the insurance system.

The report of the International Labor Office, submitted to the seventeenth session of the International Labor Conference, offers the statement[3] that there is no real distinction between insurance and the various forms of relief.

> "Each country has its system of insurance or public relief, as the case may be, and sometimes insurance and relief schemes may exist side by side, but no general rule can be laid down to determine exactly why one system is called insurance and another relief. . . . In reality this whole distinction is principally one of words and it would seem better to abandon altogether the search or definition for insurance or relief and to concentrate on another aspect of the question. . . . The really important thing is that there should be certain guarantees in the legislation of the countries concerned, that an unemployed person who complies with certain conditions shall receive benefits to enable him to tide over his period of unemployment and to maintain himself and his family on at least a minimum standard of living until he again obtains work. It is conceivable that this can be best achieved not by one homogeneous scheme, but by two or three different schemes involving a change in the benefit conditions or in the benefits payable after a certain period. . . . The financial organization of the scheme must be sound and must have behind it the financial resources of the State. . . . This does not rule out the possibility of voluntary insurance, organized by trade unions or similar bodies supported by subsidies from the government."

[2] International Labour Review. Vol. XXVI, December, 1932, p. 796.
[3] Unemployment Insurance and Various Forms of Relief for the Unemployed, p. 6.

DEFINITION OF TERMS AND BASIC CONCEPTS

While these statements have already introduced to the reader three important forms of assisting the unemployed (relief, voluntary insurance, and state or compulsory insurance), it may be necessary to explain more definitely their main characteristics[4] as they will be understood in the following chapters.

Let us define *relief* as a form of organized assistance due to any applicant who, by the standards of the relief agency in question, is considered to be in need. A claim to relief on the basis of destitution may be limited by residence or some other technicality, but fundamentally the very fact that the applicant is a human being without visible means of support, direct or indirect, establishes his claim. The ultimate cause of the need is irrelevant, even if it might have been foreseen in time to adopt some measures of preventive care. Relief systems do not usually provide means for anticipating and meeting the future needs of clients and involve no elements of client participation in the financing and administration of the relief fund.

It is the essence of *insurance,* on the other hand, that risks are anticipated and that funds providing for such risks are contributed by a group and are pooled. The entire group participates in sharing the risks and losses incident thereto. Insurance is primarily an expression of self help on a mutual basis. This concept is carried out to its fullest extent under those forms of insurance management which give to the group sharing the risks and costs of the plan a real opportunity to participate in the administration of the funds.

Wage earners have long understood that one of the major risks in their lives is the loss of work; it is a universal risk,[5] whether the cause is sickness, chronic invalidity, disability because of advanced age, accident, personal maladjustment or economic conditions. Even in the case of death, when the family is deprived of the wage earner, the financial stress of the situation is a consequence of the wage earner's universal risk: loss of work.

[4] Manes, Alfred. Versicherungswesen. 5th Edition, Leipzig, Teubner, 1932.
[5] Reutti, Karl. Neuorientierung in der Sozialversicherung, Berlin, Heymann, 1932.
Wunderlich, Frieda. Versicherung, Fuersorge und Krisenrisiko. Leipzig, Lühe, 1932.
Cohen, Joseph L. Unemployment Insurance and Public Assistance. (In International Labour Review, Vol. XXVI, December, 1932, pp. 777–796.)

While such a loss is the more serious when savings and other individual provisions have been impossible to acquire, workers with less limited earnings have also felt the need for protection.

As far back as the twelfth century, Mutual Aid and Friendly societies were organized for the protection of their members under a group plan against certain specified risks. It is evident from a study of these schemes that under pre-industrial conditions, the more serious and frequent risks were the loss of earnings due to sickness, accident, chronic disability, old age and death. Unemployment due to economic conditions, a comparatively recent phenomenon in the world's history, was not covered in these early insurance schemes. Coming as a modern development, it is nevertheless accepted now as a risk to be provided for by group action.

The trade unions have traditionally provided a certain measure of protection to their memberships on a mutual aid basis, either by supplementing the provisions of other mutual aid societies, or by taking over the insurance functions of such independent agencies.

The risk of unemployment (for whatever reason) is frequently understood[5] today to be a definite part of the total cost of production, to be included in business calculations just as the costs of other risks are normally included. It is ultimately unessential, as far as the economic effect goes, whether premiums covering such protection be paid by the wage earner alone, by the employer, or jointly by both. Under such a concept, government subsidies to insurance funds, although they may be justified temporarily or permanently for many reasons, represent in the final analysis a subsidy to industry.

Mutual protection against risk protects only the members of such a fund who have contributed towards its maintenance and provides no safeguard outside this limited group. Although under most voluntary schemes, membership is practically open to anyone who cares to join and pay, yet the scope of any voluntary insurance system is naturally limited as compared to a compulsory plan. Here protection is not optional; it is under state authority, extended automatically to large units of people specified by the terms of the law.

[5] Reutti, Karl. Neuorientierung in der Sozialversicherung, Berlin, Heymann, 1932.
Wunderlich, Frieda. Versicherung, Fuersorge und Krisenrisiko. Leipzig, Lühe, 1932.
Cohen, Joseph L. Unemployment Insurance and Public Assistance. (In International Labour Review, Vol. XXVI, December, 1932, pp. 777–796.)

Neither compulsory nor voluntary insurance necessarily imply the use of a non-commercial insurance agency. A trade union, a Friendly society, or a government, may conceivably use a commercial insurance agency, however, if an agreement as to services and financial obligations can be reached. In this case, premiums will naturally have to be increased by the inclusion of a profit item. Both voluntary and compulsory insurance schemes in all fields have in the main found it more effective to use non-profit making agencies, organized under either public or private auspices, as a matter of economy and social policy.

State insurance and private insurance both have a natural interest in decreasing liability and its individual causes. Planned efforts in this direction will automatically lead them into the field of preventative work and education, thus adding a most important service to their more direct functions.

III. MAINTENANCE OF THE UNEMPLOYED THROUGH INSURANCE

VOLUNTARY INSURANCE SYSTEMS

Unemployment insurance was established on a voluntary basis as early as 1893, when the first municipal unemployment fund was created in the city of Berne, Switzerland.[1] It was supported by contributions from workers, and supplemented by public appropriations.

Similar funds were started in Cologne, Germany, in 1896 and in Leipzig, Germany, in 1905. Membership, which was entirely voluntary, never became very extensive.

Local unemployment funds, organized by trade unions on a mutual aid basis, had been developed somewhat earlier than municipal funds. French and Belgian communities were the first to encourage this type of workers' protection, by assisting the unemployed through subsidizing their trade union funds. The cities of Limoges and Dijon, France, adopted this method in 1896 and 1897 respectively. Liège, Belgium, in 1899, adopted the system of public subsidies to trade unions in order to help them enlarge their effectiveness in the protection of their unemployed members. This form of subsidization has become widely known as the "Ghent System," and as such has been copied by many other communities as well as by states.

The city of Ghent, Belgium, authorized its first public subsidies to trade union funds in 1901. In that first year of operation, 13,000 local trade union members were thus protected by voluntary unemployment insurance. The success of the Ghent system quickly led to the organization of numerous similar funds. In 1913 there were thirty funds in Belgium, twenty-five in the Netherlands, twenty in France, ten in Germany, three in Italy, and two in Switzerland, all operated on the Ghent basis.

As contrasted to these purely local subsidies, additional state subsidies to the voluntary insurance funds of trade unions were authorized with France taking the lead in 1905, Norway following in 1906 and Denmark in 1907. At the present time, state-wide voluntary unemployment insurance plans[2] are in effect in the following countries, the majority still following the basic idea of the Ghent system (the dates of inception are given in parentheses):

Belgium (1920), Czechoslovakia (1921), Denmark (1917),

[1] Rubinow, I. M. Social Insurance. New York, Holt, 1913, pp. 456–473.

[2] International Labour Conference, 17th Session, Geneva, 1933. Unemployment Insurance and Various Forms of Relief for the Unemployed. Third item on the agenda; first discussion.

Finland (1918), France (1905), Netherlands (1916), Norway (1905), Spain (1931), Switzerland[3] (1924, for 11 cantons only), Yugoslavia (1932, for miners only).

COMPULSORY INSURANCE SYSTEMS

The first compulsory unemployment insurance fund was organized by the city of St. Gall, Switzerland, in 1895. The venture was considered a failure and abandoned after two years. Workers who had considered themselves good risks and were therefore not interested in the protection offered by the plan, are reported to have moved out of town in large numbers, leaving only the poorer risks as contributors to the compulsory fund.

The British National Insurance Act of 1911 introduced, for the first time, a nation-wide compulsory unemployment system, although it was confined to only few industries. The system was extended gradually by a series of legislative acts until it finally covered practically all manual and certain non-manual workers. Agricultural workers and domestic servants however, continued to be exempt from protection.

Compulsory unemployment insurance is now in force in the following countries:[2]

Austria (1920), Australia (Queensland) (1922), Bulgaria (1925), Germany (1927), Great Britain (1911), Irish Free State (1911), Italy (1919), Luxembourg (passed in 1921, not yet in force), New Zealand (1930), Poland (1924), Russia (1922), and Switzerland (1924, 12 cantons).

Detailed descriptions of the prevailing national systems will be found in the report of the International Labor Office on Unemployment Insurance and Various Forms of Relief for the Unemployed, as well as in various American publications.[4]

For the purposes of this survey, a brief discussion[5] of some of the outstanding problems common to most of the plans may suffice.

[2] International Labour Conference, 17th Session, Geneva, 1933. Unemployment Insurance and Various Forms of Relief for the Unemployed. Third item on the agenda; first discussion.

[3] Switzerland has voluntary as well as compulsory plans, differing as to Cantons.

[4] Armstrong, Barbara N. Insuring the Essentials. New York, Macmillan, 1932.

Epstein, Abraham. Insecurity, a Challenge to America; a study of social insurance in the United States and abroad. New York, Smith, 1933.

Rubinow, I. M. The Quest for Security. New York, Holt, 1934.

United States Bureau of Labor Statistics. Unemployment-Benefit Plans in the United States and Unemployment Insurance in Foreign Countries. Bulletin No. 544, Washington, 1931.

[5] Mainly based on the above references and the 17th Session Report on Unemployment Insurance.

ADMINISTRATION

The administrative organization of the several unemployment benefit schemes varies in accordance with the basic differences between compulsory and voluntary insurance. In voluntary insurance the administration is mainly in the hands of the insured persons themselves, grouped in mutual benefit societies. The public authorities intervene with a view to supervising the management of such voluntary funds as they aid with subsidies. The funds may be nation-wide, or may cover only single regions or localities. They may be limited to a single trade or trade union, may comprise workers in several kindred trades, or may even cover workers from entirely distinct industries.

Voluntary insurance organizations may be formed only of workers, or may be joint bodies of employers and employees, a type which is frequently found in Switzerland.

In setting out to supplement such organizations a few states, for instance Belgium, have established public agencies broad enough to embrace all workers without restriction as to trade or occupation, thus providing for the protection of unorganized labor.

In order to be eligible for state license and subsidy, voluntary insurance funds must comply with certain legal requirements. The current activities of each fund are supervised, either directly by some central state authority or by the municipality serving as agent of the state. The accounts and financial condition of the funds are subject to audit at regular intervals.

In the case of compulsory insurance, usually a single agency collects all contributions and makes all payments, administering them either through the state itself or through self-governing national agencies. Frequently, the insurance act provides for the co-operation of employers and workers, or of workers only, with the state, in the various administrative arms of the service. The form and scope of such co-operation varies widely from country to country.

Queensland, Bulgaria, the Irish Free State and Great Britain have highly centralized forms of insurance administration organized as part of the state government; in Great Britain, for example, this function is lodged with the Ministry of Labour.

Other countries have shown a very definite tendency toward keeping the administration of unemployment insurance independent from official state departments and have set up independent

public authorities, frequently called National Institutions or Labor Funds. The Federal Institution for Employment Exchanges and Unemployment Insurance in Germany[6] (typifying the self-governing form of administration) has been invested with legal personality and with wide powers of self-government. It is responsible for all collections and for the enforcement of the unemployment insurance law. Some 400 local employment offices and a number of state employment offices, uniformly organized, function under its direction.

In Italy, unemployment insurance is handled by the National Social Insurance Institution, a self-governing body somewhat limited in its authority by the Ministry of National Economy.

In Poland, the National Employment Fund is invested with legal personality and allowed a large degree of independence in administrative matters.

The co-operation of local authorities with the branch offices of the insurance funds is sought and, in most countries, has been secured as a guarantee to effective and economical operation of the system.

CONTROL OF FUNDS

All insurance plans, whether voluntary or compulsory, depend for their success upon a sound method of controlling benefit payments since the funds aim only at securing incomes to persons *involuntarily* unemployed. The attitude of potential beneficiaries may occasionally be at variance with the expressed legal liabilities of the funds; and while willingness to work cannot under all circumstances be determined objectively, yet the interests of legitimate beneficiaries must be protected against wasteful dissemination of insurance reserves.

The apparent effectiveness of control afforded by the Ghent system may account to a large extent for its widespread use. It was considered that no one was more likely to know the real chances for re-employment for their members than the trade unions, and that unemployment benefits under trade union management could not easily be abused. The very fact that trade union members, employed and unemployed, would be likely to know each other's opportunities for work and self-support, represented a means of control not accessible to any government agency.

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[6] Terminology, following 17th Session Report on Unemployment Insurance, frequently also called Federal Unemployment Insurance Bureau.

Direct means of control, such as rigid work tests, had all too frequently proven to be both costly and unreliable as well as contrary to progressive social policies. All public insurance systems have for this reason endeavored to develop more acceptable means of control.

Experts from all nations agree that the combination of insurance and placement services (as generally applied in all modern insurance schemes) has proven to be the most effective, economical and socially acceptable plan yet devised. This method makes vital use of the free labor exchange as a control in systems of unemployment insurance.

The placement service is not an incidental feature of a sound unemployment insurance system, merely adding to the latter's cost, but is the backbone of the structure. It is indispensable to the economical administration of the insurance set-up.

In practically all countries having insurance plans, the unemployed are required to report at the employment exchange several times a week.

In Austria, every registrant must report at least twice a week. In Belgium, every unemployed person claiming benefit must report regularly at the nearest employment exchange at varying intervals. In Bulgaria, the registrant must report once a day. In Czechoslovakia, any unemployed person must apply for work at the public employment exchange, or at a recognized trade union exchange, at least three times a week. In France, unemployed members of insurance funds must sign a register at the employment exchange of the fund or at some other place designated for this purpose, at least three times a week. In Germany, every person receiving unemployment benefit must report regularly at the employment exchange at least three times a week. In Great Britain, a registrant who lives not more than two miles away from the exchange must report every working day; if living more than two but not more than four miles away, on alternate days; and if more than four miles away, he may be directed to report at longer intervals. In Italy, a registrant must report daily at a local labor office designated by the National Social Insurance Fund. In Poland, an unemployed worker must report regularly at the public employment exchange or, if there is no exchange in the district, at the offices of the communal authority or some approved organization. In Queensland, an unemployed worker must report to the state labor exchange at such times as are prescribed by regulations. In Switzerland, daily reports at the public

employment exchange or recognized trade employment exchanges are required, unless the insured person lives too far away.

FINANCIAL RESOURCES

Methods of financing unemployment insurance have been developed gradually and with varying tendencies in different countries. As already stated, most systems began on a small scale, resulting from the initiative of workers' organizations or of local authorities, and slowly developed into nation-wide schemes.

While the cost of the earlier systems was wholly or largely borne by the workers alone, there has been an increasing tendency in recent years to shift part of the cost to employers and, in an increasing degree, to the public treasury. The national compulsory systems of Italy, Poland, Germany,[7] and Russia are still financed without aid of public funds. In this group, Russia furnishes the outstanding example of an insurance system financed by employers only; while joint contributions of employers and workers are required under the other schemes. The majority of unemployment insurance systems, both voluntary and compulsory, receive state aid at the present time.

Workers and the government support the insurance plans of Belgium, Czechoslovakia, Finland, France, Netherlands, Norway, Spain and some of the Swiss cantons. In Australia (Queensland), Austria, Bulgaria, Denmark, France, Great Britain, Poland, Portugal and the majority of the Swiss cantons, contributions are required from employers as well as from the workers and the state.

Experience during the present prolonged depression seems to have proved that an unemployment insurance system cannot be effective without the possibility of some kind of support from the government, either in the form of loans or by direct contributions. The risks involved in unemployment insurance are so difficult to calculate and so varied that it seems absolutely essential for the government, as the largest and strongest factor in the life of the people, to assume the role of final guarantor of security.[8]

Financial contributions from workers, employers and the government vary a good deal among the different national schemes as indicated in the following table.[9] These data are presented as being indicative of the trend in recent years:

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[7] Crisis Relief (Krisenfuersorge) administered by the Insurance agencies is financed independently. It should not be considered part of the contributory insurance system.

[8] See also Chapter IV (Relief as a Supplement to Insurance), p. 30.

[9] Excerpt from Unemployment Insurance and various Forms of Relief for the Unemployed. Table IV, pp. 218–222.

COUNTRY	Type of system	Year	Contributions from Every Sources, Expressed as Percentage of Total Expenditure in the Same Year[10]					
			From government[11]					
			From workers	From employers	Ordinary contributions and subsidies	Loans and advances	Total	From miscellaneous sources
Australia (Queensland)	Compulsory	1929–30	31.5	31.5	31.8	.....	31.8	.....
		1930–31	28.4	28.4	30.7	5.4	36.1	.....
Austria	Compulsory	1929	42.5	42.5	1.5	13.5	15.0	.....
		1930	33.0	33.0	1.4	32.6	34.0	.....
Bulgaria	Compulsory	1929	263.3	263.3	.....	.....	76.0	.....
		1930 (Jan. to June)	150.0	150.0	.....	.....	65.7	.....
Denmark	Voluntary	1929–30	95.3	.....	53.6	.....	53.6	3.5
		1930–31	72.1	.....	39.1	.....	39.1	4.1
Finland	Voluntary	1928	156.0	.....	31.7	.....	31.7	31.3
Germany	Compulsory	1930	31.7	31.7	.....	35.1	35.1	1.5
		1930	29.5	29.5	.....	41.0	41.0	.....
Great Britain	Compulsory	1929–30	26.7	31.2	36.4	5.6	42.0	0.04
		1930–31	13.5	15.8	34.7	36.0	70.7	0.02
Italy	Compulsory	1929	91.8	91.8	.....	.....	.....	55.7
		1930	57.7	57.7	.....	.....	.....	37.6
Netherlands	Voluntary	1930	48.3	.....	48.3	.....	48.3	3.4
		1931	35.3	.....	64.3	.....	64.0	0.4
Norway	Voluntary	1930	70.9	.....	33.6	5.0	38.6	3.8
		1931	49.3	.....	43.8	7.3	51.1	2.1

[10] Attention may be drawn to the fact that the percentages here cited are in each case a function of two variables (the amount of contributions and the amount of expenditure), and that a change in a given percentage from one year to another may be due to a change in either of these variables or in both and not necessarily to a change in contributions alone. The percentages are, however, directly comparable one with another, in any given country in any one year.

[11] The percentages in this column are, however, directly comparable only up to 100, since the amount received from government cannot exceed total receipts in the same year, but as percentages of total expenditure, they also sometimes exceed 100, since expenditure may be greater than receipts in the same year.

[11] The term Public Authorities is used to include local authorities, as well as the central government, in cases where contributions are made to the insurance system by local authorities.

GRADATION OF CONTRIBUTIONS AND BENEFITS

Contributions to and benefits from the insurance funds are at a flat rate under some plans, and are on a graded basis under others. In the British system, all insured workers make uniform contributions and receive uniform benefit payments, irrespective of their former income levels or their present family needs. The German system on the other hand, grades both contributions and benefits.

The British Royal Commission on Unemployment Insurance, in its 1932 report, favored the principle of differentiating the rates of contributions and benefits in relation to wages, but felt that the present was not an opportune time for such a radical change in the national plan.[12]

Under a system of uniform payments it is difficult if not impossible to avoid paying to the low-wage worker, during a period of unemployment, an unemployment insurance benefit which will approximate his regular income. Such a recipient's willingness to accept a new job might thereby be dampened though this danger is substantially reduced where an efficient system of unemployment exchanges exist. On the other hand, workers of relatively high former incomes are compelled to accept benefits greatly lowering their standards of living.

The German system by paying the low income groups a larger percentage of their former incomes than the higher income groups receive thereby establishes a desirable relationship between regular income and benefit payments.

Variations in workers' incomes are so great that flexible benefits are necessary to meet economic demands during periods of crisis and depression. Properly applied, a flexible system also prevents too rapid decline in the purchasing power for certain consumers' goods.[13]

The following table indicates the relationship between former earnings and insurance benefits under the German plan:[13]

[12] Great Britain, Royal Commission on Unemployment Insurance. Final Report, London, 1932.

[13] Nathan, Otto. Some Considerations on Unemployment Insurance in the Light of German Experience. (In the Journal of Political Economy, Vol. XLII, June, 1934, pp. 289–327.)

Wage group	Weekly Earnings According to Which the Size of the Contributions and the Size of the Benefit Payments Are Fixed (in Reichsmarks)	Percentages	Weekly Unemployment Insurance Benefits Paid to Unemployed Workers in Reichsmarks)					
			Beneficiary without dependents. Membership period of		Beneficiary with wife and one child. Membership period of		Beneficiary with large family (maximum). Membership period of	
			Over 52 weeks	26–52 weeks	Over 52 weeks	26–52 weeks	Over 52 weeks	26–52 weeks
I	Less than RM 10.00	70	6.00	6.00	6.40	6.40	6.40	6.40
II	From 10.10–14.00	60	7.80	7.80	9.00	9.00	9.60	9.60
III	From 14.01–18.00	50	8.80	8.80	10.40	10.40	12.00	12.00
IV	From 18.01–24.00	42	9.87	9.87	11.97	11.97	15.12	15.12
V	From 24.01–30.00	35	10.80	10.80	13.50	13.50	17.55	17.55
VI	From 30.01–36.00	35.5	13.20	13.20	16.50	16.50	21.45	21.45
VII	From 36.01–42.00	32.5	14.63	13.20	18.53	17.10	24.38	21.45
VIII	From 42.01–48.00	30	15.75	14.63	20.25	19.13	27.00	24.38
IX	From 48.01–54.00	30	17.85	15.75	22.95	20.85	30.60	27.00
X	From 54.01–60.00	30	19.95	15.75	25.65	21.45	34.20	27.00
XI	Over 60.00	30	22.05	17.85	28.35	24.15	37.80	30.60

Besides the differentiation shown in the table, different scales of benefit are in force in large cities, towns with a population of over 10,000, and communities with a population of under 10,000, respectively.

Most insurance plans show wide variations in rates of benefit as determined by age, sex, family responsibilities, duration of unemployment, frequency of former contributions and former wage level of beneficiaries. Grading as to age, sex and family responsibilities is considered an approach to meeting a budgetary need, although not on an individualized basis. From the point of view of social workers, this system has seldom worked out satisfactorily since maximum and minimum rates for each group are definitely fixed and cannot be adjusted to different family situations. Obvious gaps between family needs and incomes secured by insurance benefits frequently necessitate, under all systems, temporary or permanent supplementary allowances from other community resources.

LIMITATIONS IN INSURANCE SYSTEMS

All unemployment insurance systems in effect at the present time have numerous limitations which exclude unemployed persons, temporarily or permanently, from claims to benefits. Such limitations will be found applying to certain occupational groups: for example, agricultural or domestic workers, and workers from seasonal industries. Similarly, limitations are frequently made

because of the age, previous earnings, former employment status, number of credited contributions, etc., of the insured person.

Frequently, a claimant must also prove that he is not subject to any of a number of disqualifications, such as misconduct, voluntary unemployment, unemployment due to trade disputes, or receipt of a dismissal allowance. Nearly all schemes also limit the number of days of unemployment for which cash benefit will be allowed.

Although voluntary insurance schemes do not as a rule set definite time limits on the protection offered, the receipt of a state subsidy usually results, in practice, in the fixing of maximum allowances.

> In 1931, the maximum allowance in the Netherlands and Spain was 60 days in any one year; in Finland, Norway and Switzerland, 90 days; in France, 120 days; in Denmark, not less than 70 days with varying maximum periods; and in Czechoslovakia, 26 days.
>
> Austria and Bulgaria provide regular benefits up to 12 weeks in a year; Poland for 13 weeks; Queensland, Australia, 15 weeks; Italy, 90 to 120 days; Germany, 6 weeks (formerly 20 weeks); Great Britain, 156 days. These countries all operate compulsory insurance systems.

Under a few schemes (for example those of Germany and Austria) the unemployed person's claim to insurance may be invalidated by the size of his own or his family's income. If these resources are only partially adequate, however, he may receive reduced benefits.

All voluntary insurance systems definitely limit benefit payment to their own membership. Since wage earners with lowest and least secure incomes have not as yet, in any nation, shown a tendency to join voluntary insurance funds in large numbers on their own initiative, they find themselves in times of unemployment practically always without insurance protection.

CONCLUSIONS: NEED FOR SUPPLEMENTARY ASSISTANCE

A close study of the methods of insurance benefits and of their limitations under all known systems reveals several important facts.

1. Claims for benefits are recognized only insofar as they meet legal and administrative requirements, and are supported by investigations quite similar both in method and in their effect on the unemployed to the investigations required in relief schemes.

2. Large numbers of unemployed in every country find themselves outside the protection of any insurance provision because

they are unable to establish valid claims or have exhausted their right to benefits, although continuously unemployed and in need of support.

3. Practically all countries have therefore been obliged to make some additional provision for the care of the unemployed outside the insurance plans and on the basis of direct relief.

IV. MAINTENANCE OF THE UNEMPLOYED THROUGH RELIEF

DIRECT RELIEF AS THE MAIN FORM OF ASSISTANCE

Very few European countries of any significance have continued to use public relief as the main source of assistance to the unemployed. It is still chiefly relied upon in Estonia, Hungary, Portugal, Rumania, Sweden, Turkey and Yugoslavia (in the latter case with the exception of miners and metal workers protected by voluntary insurance plans).

Among the non-European members of the International Labor Office, Canada, New Zealand and Union of South Africa have no system of unemployment insurance, and provide only unemployment relief. New Zealand has set up an entirely new public agency to meet the requirements of the unemployed during the present depression; in Canada and South Africa, extraordinary state grants have helped provinces and municipalities to carry on their relief work in its traditional form, although extended to somewhat different and greatly augmented groups of clients.

WORK RELIEF AS THE MAIN FORM OF ASSISTANCE

The plans in force in Portugal, Sweden and New Zealand[1] merit special attention since these countries have for some years followed a definite policy of providing work financed from relief funds as their major means of assistance, in contrast to provision of direct relief.

Both Portugal and New Zealand have extended wage subsidies from relief funds to private industry to create new openings for the unemployed. In Portugal,[2] these subsidies, authorized in a decree of September 19, 1932, are paid in the form of wage refunds to employers and are called Unemployment Benefits. They have taken the place of direct benefits to the unemployed.

Sweden[3] appears to have the oldest preference for work relief

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[1] Riches, E. J. Unemployment Relief Measures in New Zealand. (In International Labour Review, Vol. XXIX, January, 1934, pp. 21–42.)
Lawn, G. Unemployment Relief in New Zealand. (In The Journal of the Economic Society of Australia and New Zealand, November, 1931.)

[2] International Labour Conference, 17th Session, Geneva, 1933. Unemployment Insurance and Various Forms of Relief for the Unemployed. Third item on the agenda; first discussion, p. 133.

[3] Ratzlaff, C. J. The Scandinavian Unemployment Relief Program. Philadelphia, University of Pennsylvania Press, 1934.
Huss, E. G. The Organization of Public Works and Other Measures for the Relief of Unemployment in Sweden. (In International Labour Review, Vol. XXVI, July, 1932, pp. 26–50.)
Johansson, A. Unemployment in Sweden after the War. (In International Labour Review, Vol. XXVI, November, 1932, pp. 617–643.)

over direct relief as a means of providing for the majority of the unemployed.

All three countries have, despite widely different conditions, found possibilities for placement rather limited and have had to resort to direct relief as a last resource for an increasing number of clients during a prolonged depression. However, work relief[4] is used by numerous countries, (a) as a means of training and rehabilitation for a minority of the unemployed, (b) as one form of emergency employment, and (c) as a supplement to the general assistance schemes.

RELIEF IN KIND

The majority of countries studied prefer benefits in cash to benefits "in kind," with a major exception in the case of the care provided for homeless clients. In Czechoslovakia only those unemployed persons who are not protected by any voluntary insurance scheme receive maintenance through the regular issuance of food vouchers, but this situation is unique among the nations surveyed. Supplementary aid, however, in form of food, fuel or clothes is not infrequently given to the unemployed, as well as to other dependent groups, by distributing commodities or vouchers for commodities at more or less irregular intervals.

In general, three trends in the practice of supplying the unemployed with benefits in kind may be observed:

1. Some countries have made a practice, especially in their rural regions, of soliciting donations in kind, which together with goods collected in payment of various back taxes, they distribute as relief.

2. In other cases, governments have distributed surplus commodities secured by outright purchase or by creating additional buying power through definitely specified measures.

3. Finally, governments have helped the unemployed to get more advantageous prices for limited quantities of certain of the basic necessities of life.

The first plan is a wide use[5] in Italy, Poland and Germany. In Germany even the unemployment insurance agencies in some regions were at one time authorized to accept delinquent taxes collected in kind, for use in the partial payment of regular benefits.

The second plan, that widely used in the United States, has not been reported as being used abroad except in Germany. To

[4] See Chapter IX, p. —, and Chapter VIII, p. —.
[5] Unemployment Insurance and Various Forms of Relief, p. 143.

increase the purchasing power[6] of the unemployed for certain textile goods, household articles and meats, government vouchers[7] have been issued to the unemployed in great numbers at various times, in addition to the regular allowance. The government has not bought or distributed any of these commodities directly.

The third plan has also been tried in Germany, but it met with only limited success.

In Austria,[8] the city of Vienna and some other communities have enforced reduced prices of bread for the unemployed.

Denmark[9] seems to have succeeded in reducing the price of many commodities by special arrangement with the leading business organizations of the country. There is evidence that other countries have used the same plan temporarily and on a local basis only, inviting merchants to donate part of their profit in the form of reduced prices during a specified period, usually following some relief campaign.

In France,[10] a special form of relief in kind is given notably in the Department of the Seine, where landlords are granted a daily rent allowance as an inducement not to evict unemployed tenants.

In Russia,[11] where rent is not based on contract but depends on income and number of dependents, rent for unemployed families is reduced automatically.

[6] See also Chapter IX (Financial assistance to individuals in order to increase purchasing power), p. —.
[7] For detailed report of the technique of distributing credit vouchers for buying fat. See Reichsarbeitsblatt, January, 1934 and Nachrichtendienst des Deutschen Vereins fuer Obffentliche and Private Fuersorge, August, 1933.
[8] See Wohlfahrtsblaetter der Stadt Wien.
[9] Monthly Labor Review (United States Bureau of Labor Statistics). Vol. XXXIV, May, 1932, p. 1048.
[10] Attention may be drawn to the fact that the percentages here cited are in each case a function of two variables (the amount of contributions and the amount of expenditure), and that a change in a given percentage from one year to another may be due to a change in either of these variables or in both and not necessarily to a change in contributions alone. The percentages are, however, directly comparable one with another, in any given country in any one year.
It may be pointed out, also, that the percentages naturally do not always add up to 100, since they show receipts from various sources, not as percentages of total receipts in the same year, but as percentages of total expenditures. Expenditures in any year are frequently greater or less than receipts in the same year.
[11] The term Public Authorities is used to include local authorities, as well as the central government, in cases where contributions are made to the insurance system by local authorities.

RELIEF AS A SUPPLEMENT TO INSURANCE

Limitations[12] on the period of benefit under practically all insurance systems have necessitated the provision of supplementary relief in various forms to those unemployed persons who have not been or are no longer eligible for insurance benefits. Methods vary as to the agencies used for this type of relief. Some countries feel that the unemployed, especially those who had exhausted their claims, should not be forced to appeal to the traditional Poor Law authorities, and have made legal and financial provisions for special relief systems set up exclusively for the unemployed and administered by independent agencies.

Frequently the existing insurance agencies, both compulsory and voluntary, have been charged with the administration of this new form of relief in addition to their regular functions.

Other countries have considered it essential to change the status of the unemployed after they exhausted their claims to insurance benefits and to differentiate clearly between maintenance through insurance and maintenance through tax-supported public relief.

Since most countries make legal provision for a limited extension of the original benefit period, though on a different financial basis, three different types of assistance have been made available to the unemployed: insurance, extension benefits[13] (sometimes called emergency relief), and straight relief. A means test, based on the determination of individual needs by home investigations, has been quite generally applied at the beginning of the extension and of the straight relief periods.

Rates of benefit under the relief schemes are somewhat less than those provided by insurance, although they are better adjusted to differentiated family needs.

In Austria, during a period of exceptional unemployment (as fixed by law), workers normally employed in insurable occupations, who have exhausted their rights to benefit for the maximum period, may receive emergency relief when in particularly difficult circumstances.

In Germany, workers who have exhausted their rights to ordinary benefits may claim emergency relief for some additional weeks, varying according to occupation, age and other factors. After

[12] Great Britain, Royal Commission on Unemployment Insurance. Final Report, London, 1932.

[13] Nathan, Otto. Some Considerations on Unemployment Insurance in the Light of German Experience. (In the Journal of Political Economy, Vol. XLII, June, 1934, pp. 289–327.)

exhausting this second claim, they are eligible for public assistance as administered by the public welfare departments of the communes. At present, the time limit of emergency relief is not enforced.

In Great Britain, insured workers who have exhausted their rights to ordinary benefits may receive further assistance if in need. A system of Transitional Benefits handled by the insurance agencies in co-operation with the local Poor Law authorities has just given way to more liberal provisions under the Unemployment Act of 1934.[14] Starting in January, 1935, a newly organized national public relief agency—the Unemployment Assistance Board—will deal with considerable numbers of the unemployed (a) who have no claim or whose claim has been disallowed; (b) who are going through a waiting period; or (c) who are concurrently in need of home relief and unemployment insurance.

The application of a means test as a basis for granting extension benefits has been repeatedly questioned. It was one of the major subjects for investigation submitted to the Royal Commission on Unemployment Insurance. The commission's report[15] contains the following interesting statement in this connection:

> In relation to unemployment, the word insurance might cover many types of schemes. . . . but since the inception of unemployment insurance, a distinction has been recognized between one form of provision (that form in which payments to beneficiaries are based upon and related to their contributions) and other forms. We think that this distinction is essential to the principle of insurance against unemployment and that it is worth maintaining.
>
> Apart from all other considerations, some of them of great social importance, it has the advantage that it allows benefits to be paid on proof of unemployment, without inquiry into the means or needs of applicants, whereas we find it difficult to conceive that a similar freedom can attend the payment of benefits otherwise provided. . . . it is inherent in any scheme of insurance that the contingency to be covered by the policy shall be defined as precisely as possible. . . . We cannot conceive of an insurance scheme which would cover the mere fact of unemployment, without a limiting definition, both of time and circumstances, if the scheme is to be fair to the general body of contributants.

[14] Davison, R. C. The New Unemployment Act Popularly Explained. London, Longmans, Green & Company, 1934.
Davison, R. C. The New British Unemployment Act. (In the Social Service Review, Vol. VIII, December, 1934, pp. 603–615.)

[15] Great Britain, Royal Commission on Unemployment Insurance. First report, 1931, pp. 27 and 30; final report, p. 55.

In Poland, emergency relief may be granted to unemployed workers who have exhausted their rights to ordinary benefits. The same development has occurred in countries with voluntary unemployment insurance plans:

In Belgium, extension benefits as a general rule are granted only for five periods of 25 days each; and in exceptional cases, after an interval of one month, for a last period of 25 days if in a state of need.

In Czechoslovakia, unemployed who have exhausted their right to benefit may be granted relief during 13 weeks, if persistent unemployment threatens their livelihood.

In Denmark, the funds are authorized, in cases of exceptionally serious unemployment in their areas, to double the number of benefit days up to a limit of 70 additional days.

In Switzerland, unemployed workers in some industries, who have exhausted their right to benefit under the rules and are in a state of want, may claim emergency allowances for 150 days in a year.

The main differences in the various national plans for supplementing insurance are those of emphasis on the continued use of the insurance agencies in the handling of relief, versus the tendency to transfer the unemployed to regular relief agencies. In either case, the relief granted is predominantly financed from taxation. Frequently, this fact has resulted in the misconception that all unemployment insurance schemes have been in need of practically unlimited government subsidies beyond the statutory state contributions. This is incorrect as far as the original and limited period of benefit is concerned. For instance, under the British system, the cost of transitional benefits was charged in the first instance to the unemployment fund. Since 1930, the exchequer has made contributions to the unemployment fund equal to the cost of all transitional benefits paid to claimants plus the costs of their administration.

CONCLUSIONS

Studying the various types of unemployment insurance schemes and their merits, the fact should not be overlooked that governments everywhere have assumed a major if not exclusive responsibility for the maintenance of the *long-time* unemployed. Yet, in most countries public opinion, particularly that portion of it representing the unemployed themselves, has favored a form of

assistance loosely attached to the insurance agencies, emphasizing that the care for the self-respecting unemployed should be kept strictly apart from the dependent population at large.

As a matter of social policy, this separation is questionable. If we accept the fact that unemployment under our present economic order (or possibly under some different order) is only part of the uniform risk of wage earners which may be caused by individual or social reasons, just as sickness, accidents, chronic invalidity, age and premature death may be caused by individual or social reasons, we must ask ourselves why the victims of some of these hazards should be treated as a separate class and on a different level from those of other hazards.

We know also that prolonged unemployment frequently may result in, or at least synchronize with, social problems identical to those found in families outside the unemployed group.

Unemployed families represent a section of the population at large; men and women, adults and children of all ages, persons in all states of physical and mental health, and of the most varied characters, temperaments, and capacities for adjustment. To meet their individual needs and to give them the best possible service in addition simply to maintenance, all available community resources should be mobilized. There can be no question as to the wastefulness and impracticability of having duplicate sets of identical social facilities within the community, one for the unemployed and the other for the rest of the population.

Following this reasoning one must seriously question a trend of development evident in many countries which burdens the unemployment insurance agencies with the complete care of the longtime unemployed and their families, thus charging them with relief and service functions foreign to their structure.

As a principle of social administration it seems more desirable to limit the functions of unemployment insurance (1) to the administration of unemployment insurance and (2) to vocational guidance and placement, leaving more differentiated family care and individualized relief for all types of needy families as the legitimate charge of the established family agencies of the community.

If, however, in some countries public family agencies should fail to function on a level now strongly desired for the care of the unemployed, this discovery might be accepted as a challenge to raise the general level of non-categorical assistance, so as to conform with our present concepts of constructive social work,

instead of organizing new isolated agencies for aiding the unemployed alone.

Germany may be considered to have solved this problem fairly successfully. The Federal Welfare Act of February 1924 created a uniform legal administrative and financial basis for all public social services in the local unit outside the social insurance agencies.

A system of communal public welfare departments, on a municipal or county basis (depending somewhat on the size of the population), frequently with subdepartments for public health and child welfare, has gradually succeeded in combining the more recently developed qualified services with the traditional Poor Law activities in centralized agencies having rather high standards. The public welfare departments are responsible for relief and service to the entire population without discrimination as to the causes of their needs.

As already mentioned, short-time emergency relief is administered by the Federal Institution (Bureau) for Employment Exchanges and Unemployment Insurance. The unemployed who have no claim to either unemployment insurance or emergency relief (a comparatively large number of able-bodied persons of all ages) and all unemployed in need of supplementary relief or service, are taken care of by the local public welfare departments on the basis of the Federal Welfare Act of February 1924 and its main by-law of December 1924.

Public assistance under this act comprises:

(a) Assistance for war-disabled men, war widows and orphans.
(b) Assistance for persons, in receipt of benefits and pensions under the various social insurance schemes, insofar as the insurance institutions do not completely meet the need.
(c) Assistance for persons with small private incomes, etc.
(d) Assistance by provision of employment for seriously disabled persons and other persons unable to earn their living.
(e) Assistance for young persons in need.
(f) Maternity assistance.
(g) General assistance (formerly poor relief) for persons not covered by other assistance schemes.

The act stresses individualized and constructive service for all clients, as witnessed by the following basic statements contained in the by-laws:

Par. 1. Social Service has the responsibility of supplying maintenance to the needy. In discharging this responsibility it shall take into consideration individual needs. As far as possible it shall assist the client to self-support.

Par. 2. Social Service shall not wait for needs to become critical before acting. It may initiate aid without specific application. It shall meet the needs thoroughly and in such a way as to prevent temporary problems from becoming causes of permanent dependency.

Par. 3. In order to prevent imminent dependency, Social Service may organize preventive resources, especially to safeguard health and the capacity to work.

The revival of widespread and carefully planned voluntary co-operation in public social service,[16] preferably on a neighborhood basis, may well be considered an aid towards the same end.

[16] Kraus, H. Lay Participation in Social Work as it Affects the Public Agency. (In National Conference of Social Work Proceedings, 1934, pp. 223–229.)

V. SECURITY MEASURES OTHER THAN UNEMPLOYMENT INSURANCE

Since the situation of the unemployed in any country is decidedly affected by their relative security or lack of it, a brief statement[1] of the prevailing systems of social insurance outside the unemployment field may be desirable.

Most plans of sickness, invalidity or old age insurance, like unemployment insurance, were begun on a voluntary basis, and gradually and sporadically developed some compulsory features until in the majority of countries they are finally assimilated under a national compulsory plan which extended protection to large parts of the population of the lower income levels.

SICKNESS INSURANCE

At the present time, the following countries of more than 500,000 inhabitants still have voluntary health insurance schemes under state regulations:

[1] Mainly based on the following sources of information:

Epstein, Abraham. Insecurity, a Challenge to America; a study of social insurance in the United States and abroad. New York, Smith, 1933. Rubinow, I. M. The Quest for Security. New York, Holt, 1934. Rubino, I. M. Social Insurance. New York, Holt, 1913.

Publications of the International Labour Office:

Compulsory Pension Insurance. (Studies and reports, Series M, No. 10) Geneva, 1933.

International Survey of Social Services. (Studies and reports, Series M, No. 11) Geneva, 1933.

Voluntary Sickness Insurance. (Studies and reports, Series M, No. 7) Geneva, 1927.

Non-Contributory Pensions. (Studies and reports, Series M, No. 9) Geneva, 1933.

Benefits of the German Sickness Insurance System, from the Point of View of Social Hygiene. By Franz Goldman and Alfred Grotjan. (Studies and reports, Series M, No. 8) Geneva, 1928.

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Waggaman, M. T. Family Allowances in Foreign Countries. (U. S. Bureau of Labor Statistics, Bulletin No. 401, 1926.)

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European countries: Belgium, Denmark, Finland, Iceland, Spain, Sweden, and Switzerland.

Other countries: Argentina, Australia, Canada, New Zealand, Palestine, Union of South Africa, and Uruguay.

Compulsory health insurance is in force in the following countries:

European countries: Austria, Bulgaria, Czechoslovakia, Estonia, France, Germany, Great Britain, Greece, Hungary, Irish Free State, Italy (new provinces only), Latvia, Lithuania, Luxembourg, Netherlands, Northern Ireland, Norway, Poland, Portugal, Rumania, Russia, Switzerland (not all cantons) and Yugoslavia.

Other countries: Chile and Japan.

While the majority of the schemes protect only wage earners and their families, Chile, Portugal and Switzerland include all persons below a certain income level.

Some countries with strong liberal traditions desired to develop voluntary thrift, and for this reason drafted legislation granting special privileges to the so-called "Friendly Societies" in many cases with a guarantee of financial support from public sources. Although this encouragement led to the development of thousands of such mutual benefit societies, attaining a total membership of hundreds of thousands, the voluntary thrift movement has not been successful in reaching poorly paid workers, nor in making benefits sufficiently large to cover actual risks.

Apart from a very small number of charitable foundations, the principal resources of voluntary insurance agencies are derived from member contributions. This main income is supplemented by others of less importance, such as voluntary contributions of employers, income from interest and capital, and from donations and legacies.

Public authorities do not contribute to the work of the mutual benefit societies in Australia, Canada, Great Britain,[2] Finland, New Zealand, Union of South Africa or Uruguay. In Italy and Spain, the state subsidy takes the form of a national relief grant only under exceptional circumstances. In Belgium, Denmark, France, Sweden and Switzerland, the state contributes regularly. Government subsidies are especially substantial in Denmark, where they represent one-third of the total resources of the funds, in Sweden where they amount to about 20 per cent, and in Switz-

[2] Certain sums, however, are recoverable from State schemes of insurance.

erland, where they account for from 12 to 13 per cent. The proportion of government subsidies in France and Belgium has not been exactly reported, but is considered to be increasing rapidly.

Whereas in western and southern Europe, voluntary insurance has retained the character of an individual contract, in Belgium, Denmark and Sweden it is clearly exhibiting a tendency to protect the family as well as the individual worker, and to provide healthier living and working conditions.

In spite of financial aid from the state, the resources of voluntary insurance funds are generally insufficient. The membership tends to be small and unstable, diminishing rapidly whenever economic crises occur. Moreover, the geographic distribution of voluntary insurance agencies is far from systematic. In most countries, there is over-concentration of these funds in the towns. The only effective remedy seems to be a transformation of the voluntary system into compulsory insurance. This point of view has repeatedly been expressed by the mutual benefit societies themselves, for instance at the International Conference of Unions of Mutual Benefit Societies and Sickness Insurance Funds, in their meeting at Brussels, Belgium, in October 1927.

The American Committee[3] on the Costs of Medical Care has also recognized the universal failure of voluntary insurance against sickness in the following terms:

> If a community relies for the provision of medical services primarily upon the purchase by its people of voluntary health insurance, it will doubtless find that part of the people, because of their low incomes, cannot pay even on a periodic basis the full cost of complete service. . . . Families with low or irregular incomes, even if they are self-supporting while employed, cannot usually be covered by any form of voluntary insurance. . . . For these reasons, voluntary health insurance has been succeeded by compulsory insurance is most of the countries of western Europe. . . . The committee recognizes that the distribution of the costs of medical care will not become widespread in some communities, or for certain sections of the population in many communities, unless there is legislation which makes the distribution of these costs compulsory.

Benefits of sickness insurance include cash allowances and a variety of benefits in kind, covering practically the entire field

[3] Committee on the Costs of Medical Care. Medical Care for the American People. Final Report of the Committee. Chicago, University of Chicago Press, 1932, pp. 121–127.

of health services. Cash benefits are usually in proportion to the wages lost through absence from work because of sickness, thus securing a continuation of a minimum income to the family, independent of relief or individual reserves.

Gradually, benefits in service and in kind have become more and more important under all systems, the aim being to effect a thorough and rapid cure by providing comprehensive medical aid adjusted to individual needs. In practically all countries this assistance includes medical, surgical and nursing services, drugs and medicines, medical supplies, dental care, maternity care, hospitalization, and care in sanatoria and convalescent homes.

The International Labor Office, in a study published in 1927, reported that sickness insurance laws do not generally attach any conditions to the grant of medical benefit, and that insured persons have the right to it from the moment they are insured and from the day of illness. Most health insurance systems have shown a tendency to extend their services to all members of the family sharing the household of the insured person. This has been of particular significance in the protection of children, and has made the health insurance agency the most forceful, interested and stable force in the field of preventive health care for the general population.

INVALIDITY INSURANCE

That form of social insurance which provides security for those permanently disabled is closely related to sickness insurance, and the two systems may be so operated as to strengthen each other. Although there are many common interests between the two, one taking care of temporary illness and the other of more permanent forms of disability, only Great Britain has organized invalidity insurance as part of the health insurance scheme, while in most other countries the old age insurance authority has administered invalidity insurance. Since thorough treatment in the early stages of a disease may frequently prevent it from developing into a chronic and more or less incurable form leading to permanent disability, invalidity insurance systems have, however, joined forces with sickness insurance in giving preventive care and often costly treatment.

Among the nations having the earlier type of differentiated and independent insurance schemes, Germany[4] has given the widest

[4] International Labour Office. Benefits of the German Sickness Insurance System.

development to these co-operative ventures. There can be no doubt, however, that the effectiveness of preventive service can be greatly strengthened under a plan of unified insurance administration, such as that of Russia and several other countries.

As a most important feature in stabilizing the worker's health and in keeping him on a high level of employability during his entire working life, compulsory health insurance can hardly be overrated. Not only does it provide the medical care which keeps him well, but it removes from him the overshadowing fear of destitution in case he should become ill.

OLD-AGE INSURANCE

Among the nations of the world provisions for old age security have steadily gained in importance. In recent years, extension of the working life and the return of many persons to work after temporary retirement, in consequence of loss of savings and decreased family reserves, are considered contributing factors toward increasing world unemployment which are bound to be particularly serious in countries where general provisions for satisfactory old age assistance are lacking.

With a growing percentage of older people in the total population, the question of support for the older generation becomes all the more urgent when both older and younger people are affected by prolonged or repeated unemployment. While a younger generation fully employed at a high wage level might be considered able to support out of their own earnings their dependents who can no longer earn, under the present conditions the problem becomes exceedingly grave both from the economic and the social viewpoint.[5] Social insurance seems to offer the most effective solution, by distributing the hazard of support of the aged over the largest possible group and during their entire working lives. Reserves for the period of retirement will be built up out of the earnings of the generation to be retired.

Old age insurance may also be expected to bring about earlier retirement, and to make leisure more acceptable to the older generation, while opening to the younger age groups the jobs thus vacated. Although the number of older workers in industry has been found to be decreasing, there can be no doubt that the total number of jobs they now hold would considerably reduce unemployment among the younger workers if they could be made available. At present, however, as long as no system of comprehensive old age and invalidity assistance has been established, the employed, even in times of national emergency, include many truly over-aged workers, and the ranks of the unemployed contain large numbers of persons not really employable.

[5] Hersch, L. The Fall of the Birth Rate and its Effect on Social Policy. (In International Labour Review, Vol. XXVIII, August, 1933, pp. 153–167.)

At the present time, forty-three different old age pension systems are in effect in forty-two foreign countries, only one of which depends upon voluntary contributions. Thirty-one are organized under a compulsory and contributory insurance scheme, while eleven plans represent non-contributory state pensions. Of the latter, eight are found in Great Britain[6] and her dependencies, while three are Scandinavian countries.

The cost of old age pensions tends continually to rise, partly because of the increasing proportion of the aged in the population, and partly from the pressure which is continually exerted in favor of higher allowances, greater exemptions, and lower pensionable age. This fact explains the preponderance of governments having schemes based on compulsory contributory insurance. The person insured under such a system is eligible for a pension free from any condition as to means, and frequently at a lower pensionable age than under a non-contributory system.

Events of the last few years would seem to indicate that non-contributory pensions are transitional and destined sooner or later to make way for pension insurance. For instance, in Belgium the original non-contributory pension scheme introduced in 1920 has recently been absorbed in a contributory scheme; in Great Britain non-contributory pensions in force since 1925 have been gradually replaced by contributory pensions for wage earners and their widows; in France the non-contributory law of 1905 has been gradually replaced by contributory provisions under the pension insurance legislation of 1910 and a social insurance act of 1930; while in Canada, Australia, South Africa and New Zealand the existing pension acts are admittedly provisional measures only.

The following countries have contributory and compulsory old-age insurance plans: European countries: Austria (1926), Belgium (1924), Bulgaria (1924), Czechoslovakia (1924), France (1928), Germany (1889), Great Britain (1925), Greece (1923), Hungary (1928), Iceland (1909), Italy (1919), Lithuania (1922),

[6] In addition to a compulsory and contributory insurance plan.

Luxembourg (1911), Netherlands (1913), Northern Ireland (1925), Poland (1911), Portugal (1919), Rumania (1912), Russia (1921), Spain (1919), Sweden (1913), Switzerland, 3 cantons (1922), and Yugoslavia (1922).

Other countries: Argentina (1923), Bolivia (1926), Brazil (1923), Chile (1925), Cuba (1921), Equador, Paraguay and Uruguay (1919).

Non-contributory systems are in effect in the following countries: In Europe: Denmark (1891), Great Britain[6] (1906), Irish Free State (1908), North Ireland (1908), and Norway (1923). Outside Europe: Australia (1908), Canada (except Quebec and New Brunswick) (1927), Greenland (1926), Newfoundland (1911), New Zealand (1898), and Union of South Africa (1928).

Japan has only voluntary old age insurance.

The scope and benefits, as well as the financial resources, of these schemes differ widely. In some countries, protection is extended to wage earners only in certain industries, while in others the entire wage-earning population is covered. Benefits[7] usually comprise regular weekly or monthly allowances, to be claimed under specified conditions of age or disability, and frequently include medical aid, funeral expenses, and allowances for widows and orphans of the insured.

In order to appreciate the influence of old age pension systems upon unemployment, the following summary[8] of minimum requirements for the establishment of claims may be helpful. It has been an accepted practice in many countries having both unemployment and old age insurance systems to transfer to the latter fund responsibility for the maintenance of aged or disabled workers, thus clarifying the situation, and in most cases adding to the security of the workers.

MINIMUM REQUIREMENTS FOR OLD AGE PENSIONS

Country	Minimum Age for Old-Age Pension: Men	Minimum Age for Old-Age Pension: Women	
Argentina	50	50	The normal pensionable age is fixed at 50, but the date at which it falls due may be advanced or deferred by not more than five years. No pension is granted until the pensioner ceases to work in an insurable occupation. The qualifying period for a normal pension is 30 years' service; 10 years' service is sufficient for a reduced pension.

[6] In addition to a compulsory and contributory insurance plan.

[7] Under the French plan beneficiaries may select a substantial payment for a homestead instead of monthly allowances.

[8] International Labour Office. Compulsory Pension Insurance.

MINIMUM REQUIREMENTS FOR OLD AGE PENSIONS—*Continued*

Country	Minimum Age for Old-Age Pension: Men	Minimum Age for Old-Age Pension: Women	
Austria	65	65	The qualifying period is completed by the payment of 500 weekly contributions, of which not less than 104 must have been paid during the five years preceding the materialization of the risk, and 52 during the three years preceding that date. This is in the case of compulsory contributors; voluntary contributors must have made 78 payments during the preceding three years.
Belgium	65	60	In industries with health risks, the age is five years earlier than the minimum. An insured person may claim the pension five years before the statutory age, in which case coefficients of reduction are applied, based on the expectation of life. As a general rule the old-age pension corresponds exactly to the accumulated value of the contributions paid, and the insured person is not required to complete a qualifying period.
Brazil	50	50	No pension is granted unless the insured person ceases to be employed in an insurable occupation. An insured person may claim his pension at the age of 50 if he has completed 30 years' service, at the age of 55 after 20 years' service, and at the age of 65 after 10 years' service. In no case can the granting of the pension be postponed beyond the age of 65. The pensionable age may be reduced to 45 years and the minimum length of service to 25 years in the case of persons in occupations with health risks involving a substantial loss of stamina, or in a particularly arduous occupation. The employer may pension the employed at discretion at the age of 50, even though he has not completed 30 years' service, if his working capacity has declined considerably. The qualifying period is completed by the payment of contributions in respect to five years of employment in an insurable occupation since the last.
Bulgaria	60	60	The length of the qualifying period is as follows: 1040 contribution weeks when the insured person becomes insured before the age of 40, 520 weeks when he becomes insured between the ages of 40 or 50, and 260 when he becomes insured after the age of 50.
Chile	55	55	The insured person may claim the pension at the age of 55, 60 or 65. The age must be selected when insurance begins, but insured persons whose pensions fall due at the age of 55 may remain voluntarily insured and thus obtains a higher pension after 5 or ten years of supplementary insurance. According to the strict letter of the law the qualifying period for an old age pension is only seven contribution months, but according to the third report on the working of the Act

MINIMUM REQUIREMENTS FOR OLD AGE PENSIONS—*Continued*

Country	*Minimum Age for Old-Age Pension* Men	Women	
			the qualifying period actually required is two years in the case of old-age and invalidity. This means the payment of 104 weekly contributions or 24 monthly contributions, according to the times at which the insured person is paid. The legislation states no limit to the period during which this minimum number of contributions must be paid. No contribution is due for periods of sickness or for periods during which the insured person was not in receipt of wages or any income as an employed person or independent worker.
Czechoslovakia ...	65	65	As a general rule the granting of a pension depends on the cessation of all employment covered by any compulsory insurance scheme. Nevertheless engaging in such work does not prevent a pension from being granted if the insured person earns less than 50% of the sum usually earned by a physically and mentally sound person with similar training in the same occupation in the same district. The qualifying period is completed by the payment of 100 weekly contributions, of which 13 at least must be paid under compulsory insurance. As a general rule, two weeks of voluntary insurance are reckoned as being equal to one week of compulsory insurance.
France	60	60	The normal pensionable age is fixed at 60, but the insured person may claim the pension up to a maximum of five years earlier or later, in which case coefficients based on the expectation of life are applied. As the benefits payable under old-age insurance normally correspond to the value acquired by paid up contributions, no qualifying period is required for the guaranteed minimum retiring pension. An insured person who at retirement is able to establish that he has to his credit a certain number of contribution years, each corresponding to a minimum of 240 working days, is entitled to an old-age pension. The number of contribution years is fixed at 25 when the insured person claims his pension at 55 years of age, and at 30 when the pension is taken between 60 and 65 years of age.
Alsace-Lorraine..	60	60	The pensionable age is fixed at 60 years. The insured person may, however, claim the payment of his pension in advance, but not more than five years before reaching the statutory pensionable age; in such cases the pension is assessed by coefficients based on the expectation of life. Under old-age insurance, the length of the qualifying period is generally 1200 contribution weeks.
Germany	65	65	The qualification for an old-age pension is payment of 750 weekly contributions.

MINIMUM REQUIREMENTS FOR OLD AGE PENSIONS—*Continued*

Country	*Minimum Age for Old-Age Pension* Men	Women	
Great Britain and Northern Ireland	65	65	Qualification consists in the payment of 104 weekly contributions, uninterrupted insurance for the five years preceding the materialization of the risk (that is, between the ages of 60 and 65 years) and ability to show an average of 39 contributions paid or deemed to have been paid during each of the three years preceding. This last requirement may, however, be dispensed with if the person concerned was insured without interruption betwen the ages of 50 and 60.
Greece	55	55	The pensionable age is fixed at 55 years; but no pension is granted if the person concerned continues to work in an insurable occupation. Qualification consists in the payment of the minimum number of daily contributions (2700 for old-age).
Hungary	65	65	Qualification consists in the payment of 400 weekly contributions.
Italy	65	65	The normal age for granting of pensions is 65 but the insured person may claim his pension not more than five years earlier, provided that he has paid not less than 240 fortnightly contributions. In this case the pension is reduced by coefficients based on the expectation of life.
Luxemburg	65	65	The pensionable age is fixed at 65 years, but the government may lower the age by administrative regulations in the case of insured persons engaged in particularly arduous or unhealthy occupations. The qualifying period consists of 2400 working days for which contributions have been or are deemed to have been paid.
Netherlands	65	65	No qualifying period of payments is required for an old-age pension.
Poland	65	60	The pension may be claimed five years in advance if the insured person has contributed for not less than 480 months in the case of a man, and 420 months in the case of a woman. It can also be postponed until 480 monthly contributions have been paid. The qualifying period is completed by the payment of 60 monthly contributions.
Spain	65	65	As the benefits correspond to the accumulated value of the contributions paid into the insured person's account no qualifying period of payments is required.
Sweden	67	67	The fraction of the pension to which the insured person is entitled irrespective of his financial station is, as a general rule, proportional to the accumulated value of the contributions paid, so that no qualifying period is required in order to claim benefits.

MINIMUM REQUIREMENTS FOR OLD AGE PENSIONS—*Concluded*

Country	*Minimum Age for Old-Age Pension*		
	Men	*Women*	
Switzerland	65	65	The old-age pension falls due at the age of 65, but it may be claimed not more than five years earlier by a person who is suffering from not less than two-thirds incapacity, or by a widow whose husband died after she had reached the age of 60. The pensionable age cannot be reduced except when the income of the claimant does not exceed 1500 francs a year in the case of an unmarried person, or 2700 francs in the case of a married person. The risk of old-age is covered only when payments for a qualifying period of 15 years have been completed. The risk of death is covered when three years have been spent under compulsory insurance, or five years in voluntary insurance, during the period immediately preceding the materialization of the risk.
Uruguay	..	..	The insurance does not prescribe any minimum age for granting a retiring pension. The worker is entitled to a pension in case of voluntary departure after 30 years' service; or dismissal after 10 years' service for reasons not reflecting on his moral character.
U. S. S. R.....	60	50	In the case of miners employed underground the pensionable age is reduced to 50. The length of qualifying period is fixed as follows: (1) For miners employed in underground work or persons whose occupation is harmful to health: 20 years of employment of which 10 years must have been passed underground, or on unhealthy work; (2) For other employed persons: 25 years of employment for men, 20 years for women.
Yugoslavia	55	55	The old-age pension falls due when the insured person reaches the age of 55, provided that he has 30 years' service to his credit. The qualifying period consists of five years spent under insurance.

Under present and future conditions, the question of reducing minimum age requirements of old age pension laws, will prove to be of major importance.

In Sweden,[9] the Minister of Social Affairs recently requested the Board of Trade to make an inquiry into the extent to which pensioning industrial workers of 67 years of age might be expected to lead to the engagement of younger unemployed workers. This inquiry is being undertaken in connection with the investigation in progress concerning proposed measures to facilitate the voluntary pensioning of older workers as a means of relieving juvenile employment.

[9] Industrial and Labour Information. Vol. L, April 30, 1934, pp. 163–165.

From recent experience in Great Britain, which has both contributory and non-contributory systems in effect at different age levels, an interesting comparison may be made between the proportion of aged people who require this form of assistance at minimum ages of 65 and 70.

In England and Scotland at the end of the fiscal year of 1932 the following old age pensions were in force:[10]

Age	*Men*	*Women*	*Total*
65 to 70 years.....	429,644	257,373	687,017
Over 70	398,333	329,985	728,318

INSURANCE FOR WIDOWS AND ORPHANS

As already stated, most old age pension laws automatically provide also for widows and orphans of working men, corresponding somewhat to mothers' aid laws in this country.

Protection afforded by special laws establishing insurance for dependents has, however, proved to be considerably more comprehensive. Definite insurance against the death of wage-earners provides a secure though modest income to great numbers of widows, both with and without children. It also diminishes pressure and competition on the labor market by safeguarding the maintenance of dependent families without the necessity of remunerative work or relief income. The systems of compulsory family allowances[11] in effect in France and Belgium may also be mentioned in this connection as having the same general tendency to lessen the pressure of mothers with young children upon the labor market.

[10] Great Britain, Ministry of Health, Fourteenth Annual Report, 1932–1933.

[11] Industrial and Labour Information. Vol. XLVII, July 10, 1933, p. 109.
Sand, René. La Belgique Sociale. Brussels, 1933.
Waggaman, M. T. Family Allowances in Foreign Countries. (United States Bureau of Labor Statistics, Bulletin No. 401, 1926.)

VI. PLACEMENT SERVICES

However necessary cash benefits may be, they are clearly only a second best. From every point of view it is preferable to find work for the unemployed. There can be no question, of course, of leaving this task to the unemployment insurance or relief institutions alone. The very different economic, political and social measures that may be needed to increase the industrial activity of a country and the employment of labor usually lie outside their administrative field. Furthermore, the use that the institutions could make of their funds for this purpose is fairly strictly conditioned by the primary functions of benefit schemes, which is to alleviate the effects of unemployment by granting the unemployed adequate compensation. . . .

Even from the strictly financial point of view however, there are certain facilities apparently outside the scope of the scheme which the unemployment insurance or relief institutions find it to their advantage to provide on their own account, either because they ultimately result in a larger saving in respect to cash benefits, or because although they do not exactly lead to a fall in total expenditure, they nevertheless allow of giving employment, although only temporarily, to a certain number of the unemployed.

These facilities are of two kinds. The first are intended to facilitate access to openings or employment already in existence on the labor market and so to reduce the number of persons to be relieved. . . . the second are intended to create additional openings, using for this purpose the benefits to which the unemployed are entitled.

This quotation from the report of the International Labor Office to the Seventeenth session of the International Labor Conference (page 122) introduces a comparatively brief chapter on the activities of the various national unemployment insurance and relief agencies in regard to placement, vocational guidance and vocational retraining of the unemployed. From this and from other sources of information, it is fairly evident that temporarily, at least, the primary necessity of providing maintenance for the unemployed population has so absorbed all available means and interests as to overshadow the development of supplementary constructive services. Yet, judging from the history of other branches of social insurance, it may be assumed that gradually unemployment insurance also will concentrate more heavily upon measures likely to abbreviate and decrease losses due to large numbers being out of work. To provide a minimum income during times of unemployment is surely unsatisfactory as a social policy unless the capacity

to work is safeguarded at the same time; and the beginnings are already clearly visible of more constructive policies.

NECESSITY FOR QUALIFIED EMPLOYMENT EXCHANGES

The organization of placement[1] is one of the essential elements in any campaign to alleviate unemployment, and one of the cornerstones of general economic organization. As has been stated before,[2] the closest relations must be maintained between a system of labor exchanges and unemployment insurance and assistance schemes, if the latter are to be properly safeguarded and permitted to function efficiently. While in some countries the bulk of placement work is still in the hands of private profit-making agencies, many countries have adopted a system of free public employment exchanges, frequently following upon a former joint placement service conducted by employers and trade unions.

At its first session held in Washington in 1919, the International Labor Conference adopted the following Article 2 of the Convention, concerning employment:

> Each member that ratifies this Convention shall establish a system of free public employment agencies under the control of a central authority. A committee which shall include representatives of employers and of workers shall be appointed to advise on matters concerning the carrying on of these agencies.
>
> Where both public and private free employment agencies exist, steps shall be taken to co-ordinate the operations of such agencies on a national scale. The operations of the various national systems shall be co-ordinated by the International Labor Office, in agreement with the countries concerned.

This Convention came into force in July, 1921, and has now been ratified[3] by twenty-eight countries.

The European countries, with their dates of ratification, number 22, as follows: Austria (1924), Belgium (1930), Bulgaria (1922), Denmark (1921), Estonia (1922), Finland (1921), France (1925), Germany (1925), Great Britain (1921), Greece (1921),

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[1] International Labour Office. Employment Exchanges. An International Study of Placing Activities. (Studies and reports, Series C, No. 18) Geneva, 1933.

Harrison, Shelby M., and others. Public Employment Offices, Their Purposes, Structure and Methods. New York, Russell Sage Foundation, 1924.

Stewart, A. M., and Stewart, B. M. Statistical Procedure of Public Employment Offices. New York, Russell Sage Foundation, 1933.

[2] See Chapter III-B.

[3] International Labour Office. Employment Exchanges.

Hungary (1928), Irish Free State (1925), Italy (1923), Luxembourg (1928), Netherlands (1923), Norway (1921), Poland (1924), Rumania (1921), Spain (1923), Sweden (1921), Switzerland (1922), and Yugoslavia (1927).

Among the European members of the International Labor Organization, therefore, only Albania, Czechoslovakia, Latvia, Lithuania, Portugal and the U. S. S. R. have not yet ratified the Convention. It should be noted, however, that some of these countries, such as Czechoslovakia and Russia, have extensive public employment services. Relations between employment exchanges and unemployment insurance systems are closest under the Austrian, British and German schemes, where the exchanges actually administer the insurance.

Outside Europe, the Convention has been ratified by Chile (1933), Columbia (1933), India (1921), Japan (1922), Union of South Africa (1924), and Uruguay (1933).

Employment exchanges function according to the amount of community support they receive. Such support may be cultivated to a certain extent by a truly representative local board for each agency, and by a qualified staff of field workers to make contacts with employers.

The more effectively an insurance agency develops, the more it will differentiate and individualize the relations of unemployed people to their exchange. While the ultimate aim of the exchange is the definite placement of the best qualified persons in any given vacancy, this goal will scarcely be reached without complete understanding of the capacities of the individuals registered. During prolonged unemployment and with great competition for jobs, vocational and personal adjustments previous to any placement will be desirable and even necessary. The more progressive exchanges have recognized this fact, and aim to develop individual plans for retraining and rehabilitation on the basis of their regular contacts with their registrants. Such planning is possible and essential, even when to all outward appearances the employment exchange is largely confined to paying unemployment benefits without being able to offer a wide range of vacancies to be filled.

Not infrequently, also, individual assistance to unemployed persons will be needed so that they may actually avail themselves of emplooyment which has been offered. The provision of transportation, tools and clothing has been authorized under the laws of the more progressive countries, either as loans or as supplementary benefits. The general idea of this type of assistance is

expressed in Article 135 of the German Federal Act of July, 1927, on Employment Exchanges and Unemployment Insurance.

> If a recipient of unemployment benefits is prevented from taking up employment of considerable duration by lack of the necessary working outfit, the chairman of the Unemployment Office may advance the necessary sum out of the monies of the Federal Institution, provided, that the outfit is customarily furnished by the employee. The chairman of the Unemployment Office may waive repayment of part or all of the sum.

SHELTERED EMPLOYMENT

A special problem of the placement and insurance agencies has been the care of workers who are visibly handicapped by physical or slight mental disabilities, or only by advanced age.[4] The world-wide tendency of industry to limit re-employment to younger age groups—sometimes setting the age limit at 35 years or under—has had serious consequences.

Few nations have made any very serious attempts to stem the tide of prejudice in industrial circles against elderly or slightly handicapped workmen. Czechoslovakia[5] and Germany have made some attempts in this direction through laws making the discharge of older employees dependent upon payment of a dismissal wage, with prolonged advance notice. Under the provisions of a German act[6] of July 9, 1926, employers of more than two salaried employees (exclusive of apprentices), are compelled to give not less than three months' notice in advance of the calendar quarter to employees whom they are about to lay off after five to eight years' service. Employees with eight years' service records receive four months' notice; those employed for ten years, five months; and those over twelve years, six months. In calculating the duration of employment, no account is taken of service given prior to the employee's twenty-sixth birthday. This act specifically aims to protect old employees who have given good service over a considerable period.

Several other European countries, as well as Mexico, Japan and Bolivia, have given recognition in more general terms to the desirability of a dismissal wage.[7] Under the 1923 Factory Act of Japan,

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[4] United States Bureau of Labor Statistics. Handbook of Labor Statistics, 1931 edition, Bulletin No. 541, pp. 513–530, 1931.

[5] On April 20, 1934, the government issued a legislative decree establishing a system of government control of dismissals, valid to June 30, 1935. See Industrial and Labour Information, Vol. L, May 28, 1934, p. 308.

[6] International Labour Office. Legislative Series. Vol. VII, Part II, 1926, Geneva.

[7] Handbook of Labor Statistics, 1931 edition, p. 706.

employers must give fourteen days' notice or fourteen days' pay; in Mexico, employees discharged without jurtified cause are allowed three months' pay; while Bolivia has a graduated scale of dismissal wages ranging from one month's pay for less than one year's service up to twenty months' pay for twenty-five or more years.

Since preventive measures of the type quoted can have only a limited effect, some further legal provisions in Germany affecting the re-employment of handicapped workers may be of general interest as indicating methods which might be applied on a much broader basis in the case of over-aged or handicapped unemployed persons.

Under German law, disabled men, suffering from a loss of earning capacity of not less than 50 per cent as a result of an injury in the military service or an accident or both are entitled to preferred placement on suitable jobs. The same privilege may be extended to blind men not already entitled under the first provision and, in exceptional cases, to disabled men whose loss of earning capacity is less than 50 per cent but not less than 30 per cent.

An act[8] of January 12, 1919, first introduced the principle of the right of disabled veterans to a certain percentage of openings in all public and private enterprises. This act has repeatedly been amended and broadened in scope, so as to include considerable numbers of handicapped workers who are not veterans.

> Every employer, public and private, who desires to fill a vacancy is bound to give preference over other candidates to disabled men suitable for the post, subject to certain provisions.
>
> The Federal government has the power to order a specified proportion of all vacancies to be filled by disabled men. This has been set at 2 per cent for all undertakings employing twenty men or more.
>
> If any private employer has failed to engage the prescribed number of disabled men, the local public welfare department may fix a lime limit for compliance and shall notify him that in the event of his failure to comply within the time limit, the welfare department will itself designate the disabled men to be engaged.
>
> Every employer is bound to furnish to the public welfare department of his community all information necessary in the interests of disabled men, and to grant officers of that department access to his plant in the interests of the placement, provided trade secrets are not endangered thereby.

[8] International Labour Office. Legislative Series. Vol. IV, 1923, Geneva.

> As far as may be necessary to insure permanent provision for disabled men, every employer who is so requested by the public welfare department is bound to install and maintain suitable machines and tools, and regulate his operations in such way that the greatest possible number of disabled men may be employed.
>
> This duty shall not be obligatory if its fulfillment would cause grave injury to the enterprise, or would involve a disproportionate expenditure.
>
> The act is to be carried out in such a manner that disabled persons shall, as far as possible, remain in their own trades.
>
> In every concern employing not less than five disabled men, the handicapped employees shall annually appoint a delegate, who shall, if possible, be himself disabled, to co-operate with the employer or his representative in the interests of the group.
>
> Disabled men cannot be dismissed without the consent of the public welfare department. The department is bound to give its consent if the man is guaranteed another suitable job. The period of notice shall be at least four weeks.
>
> If a disabled man refuses or leaves a job without sufficient reason, or if his conduct hinders the carrying out of the act, he may be temporarily excluded from the benefits of the act by the public welfare department of the district in which he resides.
>
> Employers who find it impossible to fill the required number of jobs with disabled men may, with the consent of the public welfare department, pay a regular monthly allowance into a fund which is used to set up disabled men on the land. Employers may also assign subsistence homesteads to disabled men, instead of giving them employment in their concern.
>
> A private employer who deliberately or through gross negligence contravenes the provisions of the act may, at the complaint of the public welfare department, be fined by the Labor Court up to ten thousand marks ($3,885) for each offense and not more than one hundred thousand marks ($38,850) in case of a repetition of the offense.
>
> On March 31, 1933, the protection of this act reached 400,890 registered disabled men, out of which number only 46,780 employables were not placed at that date.[9]

The distribution of the less employable idle persons among all industries and government agencies in proportion to their total payrolls seems to be a reasonable and socially effective measure. Experience has proved that its value is greatly increased if the social agencies and labor courts charged with the enforcement of the law carry on a permanent program of interpretation and, at the same time, accept responsibility for such individual adjustments as may be required under the peculiar conditions of legally sheltered employment.

[9] Statistisches Jahrbuch fuer das Deutsche Reich, 1933.

VII. VOCATIONAL TRAINING AND REHABILITATION

GENERAL TRENDS

In most compulsory insurance schemes, unemployed persons may be required to attend regularly courses of instruction.[1] Refusal usually entails loss of benefit for a prolonged period.

In Austria, Bulgaria and Yugoslavia, unemployed persons who lack sufficient knowledge and skill for work in their own or other suitable occupations may be sent to trade schools or other institutions for continued education. The executive directors of the local Employment Offices in Germany may establish or assist institutions for continued vocational education and vocational retraining out of the monies of the Federal Institution, or may pay the customary school fees for attendance thereat, insofar as such course might be calculated to terminate the unemployment of persons in receipt of unemployment benefits (Article 137 of the German Federal Unemployment Act of July 1927). Under the British Unemployment Insurance Acts of 1920 and 1934, unemployed juveniles must attend courses wherever available, as a condition to receiving benefits. Persons over eighteen years of age may also be required to attend such courses or training centers as may be suitable and available. In Italy, the insurance agencies may organize courses of vocational instruction and of workshop practice for the benefit of unemployed persons. The Unemployment Council of Queensland, Australia, may direct workers who have repeatedly lost their jobs by reason of lack of knowledge or skill to receive instruction at any state technical college or any other training school. The costs of such instruction together with maintenance necessary for the worker during this period, may be borne wholly or in part by the unemployment fund.

In actual practice planned efforts to maintain and develop the working capacity of the unemployed, both juvenile and adult, seem to have gone far beyond the limited functions set up by legislative action. Practically all the countries studied have developed a variety of ventures, which aim at increasing employability. While the starting point may differ in each case, it is interesting to note the close parallels in the development of these plans after more or less experimentation has taken place. Some countries have been primarily interested in organizing instruction to fill

[1] International Labour Conference, 17th Session, Geneva, 1933. Unemployment Insurance and Various Forms of Relief for the Unemployed. Third item on the agenda; first discussion, p. 121.

definite needs of their labor markets. In this case, unemployed persons who are invited to participate in some form of training along definite vocational lines may have had some experience in the same trade, but have been found to be insufficiently equipped for current demands. Sometimes, however, they come from overcrowded fields of occupation, and the problem is to retrain them for new trades.

With the possible exception in a few countries of training industrially unemployed people for farm work, the instability of the economic situation and the difficulty of recognizing important trends of industrial development in an unplanned economy has limited most of these attempts to sporadic efforts. Even under a planned economy, such as in Russia, the retraining program has not been entirely successful, since not infrequently the demand ceases to exist before training is completed.[2]

The majority of rehabilitation plans, therefore, follow an opportunistic principle of providing a mixture of useful occupation, physical instruction, and recreation, with the aim of increasing the general level of employability, instead of developing definite vocational skills.

VOCATIONAL TRAINING FOR ADULTS

Four different types of vocational training were found in the countries studied; first, independent courses and instruction centers without any relation to the usual educational facilities of the community; second, extensive use of the existing school system, generally on a fee basis; third, plans for sharing the responsibility with industry through instruction given in industrial plants and work shops; fourth, apprenticeship, under which the learners are subsidized and protected for a limited period of time.

At the request of the Soviet Labor Commissariat (order of July 4, 1924[2] "on the effective examination of the unemployed"),[2] the Russian labor exchanges made an investigation of the qualifications of unemployed workers, and found that many of the workers available for jobs did not possess necessary training for industrial occupations. The government at once introduced a plan for retraining and, in the course of the following three years, 87,530 workers were trained for skilled occupations. To meet definite needs of the building industry, large numbers were trained as

[2] The Provision of Work for the Unemployed in U. S. S. R. (In International Labour Review, Vol. XXII, July, 1930, pp. 46–69.)

plasterers, bricklayers and cement workers. The training scheme represented a total of thirty-five occupations, and many former white-collar workers were included under it. The training was given in the Central Labor Institutes, in the Leningrad Labor Institute, and in collective associations of unemployed workers, as well as directly in industrial plants under contracts with the employment exchanges.

The number of men admitted to the English[3] training centers during 1933 was 5,298. The total number admitted since the centers were first started is 43,195, of whom 28,441 are known to have passed into employment. In 1934 the British government training centers continued to work below their full capacity, as enrollment was related as closely as possible to the prospects of employment. Six months' courses were given in certain trades.

In Australia[4] (New South Wales), the Unemployment Relief Council, a government agency, has provided funds to enable young unemployed men and women to undertake training in the technical colleges and training schools.

The Polish Federation[5] of Non-Manual Workers has recently provided an institute for vocational training and retraining, where courses lasting six months are given free to most of the students, a daily free luncheon being also provided. Support for the institute comes from the government, the social insurance agencies, some trade unions, co-operative societies, and so on. In describing the work of the institute, the Polish Minister of Social Welfare stressed the needs of unemployed non-manual workers. These comprise persons without adequate qualifications or training for non-manual occupations, who by reason of circumstances have failed to become manual workers; those who have always held posts in accordance with their capacity and qualifications and who have, of course, the best chance of once more finding suitable employment; and a large number of young persons who, after completing their secondary education, have been unable to find work because of lack of experience. The methods of vocational training or retraining offered by the new institute vary according to the special needs of these different groups. Previous investigation has shown that the employment of non-manual workers in different fields of activities could be increased.

[3] Industrial and Labour Information, Vol. L, May 21, 1934, p. 266.
[4] Industrial and Labour Information, Vol. L, April 2, 1934, p. 25.
[5] Industrial and Labour Information, Vol. L, April 30, 1934, p. 165.

In Hamburg,[6] Germany, the local chapter of the Association of Engineers has developed an interesting training scheme in co-operation with the employment exchange and the construction and shipbuilding industries. Some of these companies have turned over to the association several closed work shops to be used as work and training centers. These firms have also furnished fictitious orders, such as for the building of a modern steamship of definite size and speed, or the construction of specified machinery for export to some foreign country. The work entails drawing up designs, drafting plans and specifications, and general planning of construction. Students work six hours a day for two days a week. The labor exchange supplies drawing materials and pays all other necessary expenses, while the interested firms have agreed to supervise the progress of each project and correct the work done. Unemployed engineers, who were out of touch with more recent technical developments in their own fields, have greatly profited by the concrete tasks put before them. The contracts thus made with potential employers may also open up possibilities of real jobs with one of the co-operating firms.

In the canton of Vaud,[7] Switzerland, an office has been established to co-operate with the public employment exchanges and the unemployment funds in remedying the shortage of agricultural labor. Unemployed industrial workers willing to go into farm work will be accepted as trainees on contract for a minimum period of four months. During the first two months the farmer will not be required to pay wages. An allowance of 7.50 francs a week for the first month and 10 francs a week for the second month is paid either by the government, or by the unemployment insurance fund if the worker is insured under it. During the third month, the employer must pay a wage of forty francs, increased to fifty during the fourth month, at the end of which the worker will be regarded as skilled and must be paid accordingly.

Somewhat similar methods are being used in Bavaria and some other German states. Farmers willing to accept as trainees selected unemployed men up to forty years of age receive a weekly government grant for their maintenance and a special bonus of thirty marks after six months' training. A second bonus of sixty marks will be paid at the end of another six months' period. The trainees also receive bonuses amounting to fifty and sixty marks, respectively, for the same periods, besides their maintenance.

[6] Report of Frankfurter Zeitung, 1934.
[7] Industrial and Labour Information, Vol. L, May 14, 1934, p. 245.

In the Union of South Africa,[8] qualified unemployed are being trained as farmers at the agricultural colleges under a government plan.

The underlying principle,[9] now in fairly wide use in several countries, of helping vocational readjustment by providing new possibilities for apprenticeship and maintenance until the worker may be considered reasonably equipped for the new job, was incorporated in the German Federal Unemployment Act of 1927. Article 136 of this Act states:

> If a recipient of unemployment benefit has accepted a post in which he cannot receive full wages until he has acquired the requisite skill, the chairman of the Employment Office may grant him an allowance out of the monies of the Federal Institution, in addition to his remuneration for not more than eight weeks. The remuneration and the allowances together shall not exceed the amount of the full wages, and the allowance alone shall not exceed one and one-half times the unemployment benefit last paid.

NON-VOCATIONAL INSTRUCTION FOR ADULTS

To counteract the ill effects of prolonged unemployment, the British Ministry of Labour has for some time conducted six months' demonstration centers for physical training[10] in selected areas of heavy unemployment. These centers are under the charge of fully qualified instructors, and the classes, which have been well attended, are open to wholly unemployed men between eighteen and thirty years of age. The effort has been to stimulate the provision of similar facilities by welfare organizations and other bodies throughout the country. These instruction centers, conducted without any visible relation to past or future vocational needs, may well be considered the extreme prototype of instruction provided in order to raise the general level of employability.

Experiments in other countries as well have developed a range of semi-vocational or near-vocational projects, frequently including training in handcrafts and home-making for unemployed women. Any kind of instruction and group activities likely to hold the interest of the unemployed and to increase their versatility and general handiness has been found to be of real value. Frequently, such ventures have proved to be more successful when they were removed from a formal classroom atmosphere, with more leeway allowed for self-expression and self-government.

[8] Industrial and Labour Information, Vol. L, April 9, 1934, p. 53.
[9] See Chapter VIII, Vocational Guidance, p. 66.
[10] Industrial and Labour Information, Vol. XLIX, March 19, p. 409, and Vol. L, May 21, 1934, p. 267.

In Germany,[11] some efforts have been made to include the wives and mothers of the unemployed in educational plans. Recognizing the tremendous burden that many of them are bearing with and for their families, and their especial importance in maintaining the morale of their involuntarily idle relatives, they were given special consideration in a number of services planned for unemployed families. Training centers were developed to help the women in solving their family problems. Instruction included many aspects of family life, as well as practical home management and the care of children. Courses in cooking, sewing, gardening, toy-making and family recreation, all focusing on the peculiar problems of the unemployed, have proved to be a valuable stimulus to the entire family, thus indirectly helping to safeguard the capacity to work.

Recently these efforts, including all plans for health and recreational services for mothers, have been co-ordinated under a National Federation, representing all private social agencies and Women's Clubs as well as governmental agencies. The Federation promotes the extension of all such services in every community so that every needy mother can have the opportunity to profit by them. Financial support is provided by contributions from public relief and unemployment insurance agencies, from the health insurance fund and from private funds.

SUBSISTENCE GARDENS

The promotion of workers' garden projects for unemployed workers is, next to actual re-employment, one of the most productive and congenial forms of safeguarding the workers' employability. Since 1931, Great Britain[12] has definitely included in her rehabilitation program a scheme of "allotment gardens" for the unemployed.

> It is generally agreed . . . that the tenure and cultivation of an allotment is of great value in providing interest and occupation for unemployed men. Though the total yield of produce from all allotments may be of little significance in relation to the food supply of the country as a whole, yet the food which a man can grow on his own plot may be a substantial help, in quality and quantity, to the family budget. . . . There is probably no other method of alleviating the lot of the unemployed and of helping to preserve

[11] Kraus, H. Work Relief in Germany. New York, Russell Sage Foundation, 1934, pp. 54–66.
[12] London Times, August 3, 1933.
Industrial and Labour Information, Vol. XLVII, Sept. 25, 1933, p. 421.

> their morale, which yields so great a social value in proportion to cash expenditure. . . . We desire most strongly to express our hope that this service will be extended. The prudent administration of a small sum of money can produce really restorative results. In our opinion, the government ought to take further steps, either by grants administered through the appropriate departments, or by assistance to voluntary bodies to insure that the movement for cultivation of allotments is not only maintained, but substantially increased.[13]

Workers' gardens and allotments have been a familiar feature for years in a number of European countries.[14] Contributing factors stimulating their initial development are found in the desire of workers, both employed and unemployed, to make profitable use of their leisure time. The need to economize, to relieve the strain on outside income by providing part of the family's food supply, and interest in outdoor living and recreation on the part of the entire family have likewise been important factors in their development.

Documents from England (1819), Germany (1822) and Denmark (1826) show that in these early years the poor law authorities, church wardens, and overseers of the poor were beginning to provide garden plots for dependent families. The English Crown Allotment Act of 1832, however, abandoned the relief qualification, and provided that allotments could be taken up "by industrious laborers and journeymen of good character."

The tendency to separate workers' gardens from relief prevailed in most European countries where workers' gardens became quickly very popular and numerous.

In 1895, a Belgium Association for Garden Plots and Garden Homes was organized, followed by a French Association (Ligue Du Coin De Terre et Du Foyer) in the next year. In both these countries, as well as in Germany, the movement has been closely connected with home ownership and land settlement for the lowest income groups.

The German garden movement can be traced back to the program begun in the middle of the last century by Dr. Schreber of Leipzig, who, with rare vision, sponsored a national movement to secure supervised playgrounds, surrounded by small family

[13] Great Britain, Royal Commission on Unemployment Insurance, Final Report, 1932, p. 343.

[14] Workers Gardens. (In International Labour Review, Vol. X, July, 1924, pp. 86–119.)

gardens at the outskirts of every community. His name has been permanently connected with the German movement for workers' gardens, which are quite generally called "Schreber Gardens." They usually feature a simple playground and a modest community center carrying on a variety of joint activities of adults and children in each garden district.

Austria, Czechoslovakia, Poland, Sweden, Denmark and the Netherlands have had a similar development. The cultivation of vegetables, fruit and flowers is frequently secondary in importance to the use of the gardens as a center for family recreation and social life. In most of these countries, industries and railroads, especially the railroads in Austria, France and England and the mining companies in Germany, France and Belgium, have helped their employees to get inexpensive garden spots which average in size from one-twentieth to one-tenth of an acre. The land is made available either by private owners, or by public agencies. Arrangements for leasing are usually made by garden plot associations, which sublease to the gardeners.

The British[15] Small Holdings and Allotment Act of 1908, supplemented by the Allotments Act of 1922, is considered to be the pioneer legislation on the subject in Europe. Supplementing the efforts of public authorities, a scheme[16] of providing allotment gardens, which was begun a few years ago by the Society of Friends to help the unemployed miners of South Wales, is now being carried on throughout England.

Wherever groups of from thirty to fifty wholly or partially unemployed people show interest and are willing to follow certain regulations, the Society of Friends, aided by government grants, undertakes to organize a subsistence garden program. District supervisors are appointed to help and advise the local groups. Each member of the garden co-operative is required to pay a small weekly contribution of one or two pennies. The size of the program is shown by the fact that in 1933 such contributions from some two hundred thousand subsistence gardeners amounted to twenty thousand pounds. The Society of Friends raised fourteen thousand pounds in addition, and the government contributed an equal sum. The value of the 1933 harvest

[15] Mitchell, E. L. The Law of Allotments and Allotment Gardens, London, 1922.

[16] Frankfurter Zeitung, May 27, 1934.
Society of Friends, Allotments Committee, Annual Report, 1934, Friends House, London, N. W. 1.

of these allotment gardens were conservatively estimated at seven hundred thousand pounds.

The scheme is being continued in 1934, at an estimated cost of thirty thousand pounds, equally divided between the government and the Society of Friends.

Long experience has shown the impossibility of avoiding more or less compulsory action in the acquisition of land. The various movements for workers' gardens have prospered only so far as public authorities have accepted the responsibility of providing satisfactory land at reasonable rates and for a reasonable period of time.

The movement has gained renewed interest during periods of reduced incomes, food shortage, and reduced working time or unemployment. In many countries with an established tradition of workers' gardens, increased demands were met by providing more land, which was often made ready for cultivation as a work-relief project; and by grants of tools and seeds.

Waste lands, dumping grounds, back yards, land along the railroads, and other available spaces in the neighborhood have been utilized. Each group has constructed a primitive shelter or hut, which is frequently used for recreation. Most of the new garden club members have had no previous experience in gardening, but have been thoroughly convinced of its value and have participated in the program, with excellent results to their health and self-respect, incidentally securing substantial contributions to the food budgets of their families.

Some characteristics of the English and continental subsistence garden movement, which differ from similar developments in this country, appear to have contributed greatly to its permanent success and may well be worth study:

1. Workers are allowed to cultivate individual lots for several seasons. They are encouraged to make each lot not only useful but attractive, expressing individual preferences and tastes in the variety of flowers, vegetables, berries and shrubs planted.

2. Gardens are developed as common projects by the entire family, and used for work and play, thus providing an "outdoor living room" for millions of slum dwellers.

3. Individual leasehold tenure, combined with group co-operation, has developed self-expression and leadership, which finds its immediate and most stimulating opportunity in the self-government principle under which most of the projects are managed.

The co-operative features of garden projects sometimes develop real "garden communities," and furnish a novel neighborhood experience on the basis of common interests. Although self-government has often been a secondary development in the subsistence garden movement, the most creative plans anticipated it, and it was directly and indirectly stimulated by the agencies responsible for the program.

VIII. SPECIAL PROJECTS FOR THE YOUNGER UNEMPLOYED

PROPORTION IN THE UNEMPLOYED POPULATION

The relatively large number of younger workers in the total unemployed population, and the specific problem[1] of preserving and developing the working capacity of young people who have had practically no work experience, have been given a great deal of attention in many of the countries studied. Frequently, plans for instruction, general or specific, have been developed for unemployed young people in advance of efforts at rehabilitation of the more mature.

Although there are no comparable statistics, figures from a few countries indicate that approximately one-quarter of the unemployed are under twenty-five years of age. For instance, an official inquiry in Norway[2] has shown that in the early part of 1933 there were seventy-five thousand unemployed persons, of whom twenty thousand were young people between the ages of eighteen and twenty-four. Of the latter, about seven thousand had never had regular employment. In Sweden,[3] the number of unemployed persons on February 28, 1933, was 179,507, of whom 59,317 or about 33 per cent were young persons between the ages of 18 and twenty-five. In the country districts the proportion of young unemployed was 32.45 per cent, and in the cities, 26.3 per cent. The Australian[3] government reports to the International Labour Office that of the many thousands of young people who leave school each year, only a small percentage have been able to find work, while many have never had an opportunity to work at or to learn a trade, or to put their education to any practical use.

In Germany,[4] a special inquiry into unemployment, carried on at the same time as the general census of population was taken (June 16, 1933), revealed that 5,055,602 persons were unemployed at that time, of whom 1,317,433, or 21.6 per cent, were under twenty-five years of age.

In Great Britain,[5] the decline of the war-time birth rate has

[1] The Problem of the Unemployment of Young Persons. (In International Labour Review, Vol. XXVII, April, 1933, pp. 499–519.)

[2] Industrial and Labour Information, Vol. XLVII, September 11, 1933, p. 367.

[3] Industrial and Labour Information, Vol. L, April 2, 1934, p. 24.

[4] Industrial and Labour Information, Vol. XLIX, February 12, 1934, p. 231.

[5] Great Britain, Royal Commission on Unemployment Insurance, Final Report, 1932, p. 312.

Great Britain, Ministry of Labour. Reports on the Work of Local Committees for the Years 1931, 1932 and 1933. London, 1932–1934.

Local Committees for Juvenile Unemployment in Great Britain. (In International Labour Review, Vol. XXVII, January, 1933, pp. 74–80.)

continued to effect the number of juveniles available for employment. In 1932 there were approximately one hundred forty-two thousand fewer than in 1931. Yet it was calculated that there was in 1932 a monthly average of one hundred sixty-six thousand unemployed boys and girls, the rate of juvenile unemployment being about one-third of the adult rate.

EFFORTS AT PREVENTION

Preventive measures most commonly adopted or discussed to meet this situation are raising the compulsory school age and the minimum working age. As an experiment, Germany[6] has developed plans for preventing graduates of elementary schools from entering remunerative employment immediately after finishing school, through the development of post-school land camps.

While numerous German communities have organized continued training for graduates of elementary schools who have not found employment, the new program integrates many of these efforts on a state-wide basis, adding the special feature of care in country camps for definite periods. A federal act making compulsory a "land year" for all graduates of elementary schools is anticipated. During 1934, as a limited experiment, approximately twenty thousand were invited to spend an uninterrupted period of nine months in special camps.

Only a few of the camp leaders are young teachers, the majority being instructors with a variety of professional background. The Prussion State Department of Education has asked a well-known national agency, interested in questions of progressive education (Zentralinstitut fuer Erziehung und Unterricht), to assist in the selection of suitable camp leaders and other camp workers. Of four thousand applicants for such positions who attended a four weeks' course of instruction, only eighteen hundred actually qualified.

It is hoped that the "land year" will prevent considerable numbers of the youngest potential workers from looking for employment for a period of a year. At the same time, it is anticipated that these young people will be better equipped for employment after their return from camp, as they should profit greatly by their nine months of care-free living under exceptionally healthy and well-regulated conditions.

[6] Reichsarbeitsblatt, March, 1934.

VOCATIONAL GUIDANCE

Vocational guidance is one of the most effective means of preventing certain types of juvenile unemployment. It has been developed in many countries, although frequently not as part of any national plan. The most complete programs of vocational guidance are found in England and Germany.

The juvenile employment program[5] of England has been worked out largely through two general types of local committees: (1) those appointed by local educational authorities, exercising "choice of employment" powers and connected with the juvenile employment bureaus; and (2) advisory committees for juvenile employment, appointed by the Minister of Labour, to advise him on the administration of the juvenile deparaments of the employment exchanges.

A National Advisory Council for Juvenile Employment co-ordinates most of this work, considering the various aspects of juvenile employment from a national point of view. The local committees regard vocational guidance as one of their most important functions in view of the influence on the workers' future welfare, as well as its value in adding to immediate chances for effective placement. The committees have made arrangements whereby those leaving school may visit local factories in order to extend their first-hand knowledge of industrial processes and to facilitate their choice of employment. Another device has been the use of motion picture machines and lantern slides, displaying material on a variety of work processes.

The education of parents in matters pertaining to employment is considered quite as important as the education of the boys and girls themselves. Literature of various sorts, bearing on local sources of employment, facilities for further education, and possibilities for individual careers, is distributed in the schools and at public meetings.

The school conference method is regarded with increasing favor, as it insures a full attendance of the boys and girls and also enlists the invaluable assistance of the teaching staff. Committee members address members of senior classes and their parents regarding employment prospects and available work opportunities. These

[5] Great Britain, Royal Commission on Unemployment Insurance, Final Report, 1932, p. 312.
Great Britain, Ministry of Labour. Reports on the Work of Local Committees for the Years 1931, 1932 and 1933. London, 1932–1934.
Local Committees for Juvenile Unemployment in Great Britain. (In International Labour Review, Vol. XXVII, January, 1933, pp. 74–80.)

talks are followed by individual interviews with the young people and their parents at the school or at the juvenile departments of the local unemployment exchanges.

After these vocational interviews, the school principals furnish the committees with final report cards on each student. These cards give particulars regarding the graduates, their educational and personal qualifications, their preferences regarding employment and similar details. These cards become the basis of the juveniles' records at the employment exchange. All local industries employing juveniles are carefully analyzed for work opportunities. Many of the committees have made exhaustive surveys and, in addition, keep in touch with employers through circular letters, through talks at employers' organizations and through publicity and advertisements in the newspapers, reminding them of the supply of juvenile labor available. However, they recognize that the most effective contract with employers is a personal approach by a representative of the exchange. Increasing activity along this line is apparent.

Committees are continually striving to impress upon parents and children the desirability of apprenticeships whenever appropriate. Many exchanges keep special records of juveniles who are engaged in "blind-alley" occupations. Too often these young people remain in this type of work until they reach the age of sixteen or eighteen, and it then becomes very difficult to fit them into more progressive forms of work. Many of them become permanent "casual" laborers. Considerable emphasis has been placed on urging such young people to continue in attendance at evening school in order to fit themselves for skilled jobs. Nearly all the committees have programs of supervision over boys and girls which continue until they are successfully established in permanent careers. Certificates or badges are granted by some committees to juveniles who stay for a certain period of time in the same employment, or who change their employment only with the prior approval of the committee.

In Germany,[7] it is a part of the regular function of the labor exchange to give vocational guidance to school graduates from all types of schools. During the period from July 1, 1932, to June 30, 1933, 220,457 boys and 173,821 girls from elementary schools sought advice under this system. Approximately 86,000

[7] Soziale Praxis, May 3, 1934.
Gaebel, K. Berufsberatung und Lehrstellenvermittlung.

boys and 42,000 girls were placed in apprenticeship positions in skilled trades.

One of the chief problems encountered is the over-supply of applications for apprenticeship to certain favored industries and trades, while in others, openings available to young people cannot be filled because of lack of interest. With only 1,321 openings, there were 7,366 applications for apprenticeships to automobile mechanics. In the electrical industry the relation was 6,980 applications to 2,283 openings; in bakeries 11,639 to 4,715. Butchers with 1,659 vacancies had 6,746 applications; shoe makers with 937 had 5,619. On the other hand blacksmiths, plumbers and goldsmiths could not find a sufficient number of apprentices to fill their needs.

VOCATIONAL TRAINING

In the more progressive areas, young workers who have been unemployed for some time may choose from a variety of training projects, patterned closely after those set up for the adult unemployed. A large majority of these projects are devised to prevent demoralization from prolonged unemployment and to give such instruction of a non-vocational type as will help the juveniles to increase their chances of employment.

Besides centers and camps organized for this purpose, a number of scattered attempts have been made to give specific instruction to juveniles already apprenticed or employed in skilled work.

Germany[4] has developed vocational instruction for small selected groups. Closed factories have been turned into apprenticeship shops where juveniles can secure training in a factory environment and with factory equipment. The use of the premises has frequently been donated, while materials have been paid for from public funds and instructors employed on a work-relief basis. It was felt to be of particular importance that such training should not be given in the schools and by school teachers, but should be furnished in regular work shops where normal industrial conditions prevail as nearly as possible.

During the fiscal year 1933, a total of 527,000 young unemployed persons took part in the training courses organized in co-operation with the public employment exchanges. These courses were highly differentiated according to the various occupational groups and their peculiar needs. The enrollment included 211,000 skilled workers, 1,100 office workers, 23,000 workers in training for agricultural occupations and 72,000 girls in training for domestic service.

[4] Industrial and Labour Information, Vol. XLIX, February 12, 1934, p. 231.

Another large group of young persons[8] was placed with farmers as apprentices under special contracts. Farmers received government subsidies for the maintenance of each trainee. Besides maintenance, the apprentice is paid a small wage in cash by the farmer.

Under a similar scheme,[8] special efforts have been made since 1934 to place girls as apprentices in household positions. Due to the exceedingly high birth rate of the year following the war, Germany is facing at present a heavy load of juvenile unemployment, including some six hundred thousand girls of from fourteen to fifteen years who have just finished their elementary school education. For this reason the government has introduced the project of a "household year" for unemployed girls, asking families all over the country to accept girls in their homes for one year of training. All requests for these apprentices will be investigated by the local labor exchange, and only such families accepted as appear to conduct a well-managed home.

The training period of one full year includes six weeks on probation. The apprentices will receive maintenance only, but the employer is required to pay all premiums for the compulsory social insurances, and will be obliged to sign a contract covering his duties toward the apprentices and to furnish them with written references when they leave. He must agree not to substitute the apprentices for any house workers at present employed in his home. The National Youth Organization for girls has been asked to invite all apprentices to their local activities.

College students and young people who have just finished their professional training, but who are unable to find jobs, have frequently been placed as trainees in industrial and business concerns or in non-profit agencies, both public and private. Every effort has been made to find such openings as will give them experience in their own lines of work and will effectively supplement their previous academic training. Chambers of commerce, industrial associations and similar groups have been asked to create such training positions for qualified young people, who are willing to do volunteer work for a limited period of time under expert supervision. Certain industries have co-operated to the extent of providing special maintenance funds for these trainees, sometimes in the nature of fellowships; although as a rule maintenance is being provided through work-relief employment.

A similar arrangement[9] regulating the admission of foreign

[8] Reichsarbeitsblatt, March, 1934.
[9] Industrial and Labour Information, Vol. L, June 25, 1934, p. 465.

student employees (apprentices) has been in effect between Belgium and France since March, 1934. Student employees are defined as citizens of either country entering the other for a specified period for the purpose of improving their knowledge of the language and of commercial and trade practices while working in an industrial or business organization. Student employees may be of either sex, and to be eligible must not as a general rule be more than thirty years of age. Permits will be granted up to one year (or in special cases, to eighteen months), within the limits of a present quota of one hundred fifty students per year. Employers in either country who engage students must undertake, as soon as the student employees are giving full services, to pay them at the ordinary rates current in the occupation and district. Consideration is not given to the state of the labor market in a particular occupation in dealing with applications from foreign student employees wishing to take training in that occupation.

In Australia,[10] the government policy has been mainly directed to training unemployed juveniles in rural pursuits. Since December 1932, the Ministry of Labor and Industry has been operating a scheme under which juvenile unemployed are placed with farmers for rural training, which comprises dairy work, care of poultry, pig raising, lumbering and farming. Selected boys are placed for a training period of six months, during which time the government provides a weekly allowance and the farmers supply board and lodging. After six months, the boys, if satisfactory, become employees of the farmer. Another Australian employment scheme has placed some fifteen hundred boys in farm work after preparing them on state training farms.

VOLUNTARY WORK SERVICE

Day centers and work camps for young unemployed persons have been developed along similar lines in quite a number of the European countries studied. On the whole, they represent a type of non-vocational instruction intended to increase the general fitness of this group, which is on the border line of regular employment. Most of these projects may be classified under the general heading of work-for-relief.

In contrast to the work-relief projects set up for older workers, where educational facilities are seldom provided, the group activities in the day centers and work camps for juveniles are generally planned so as to develop the young person's capacity for work, promote his health and broaden his social and civic interests.

[10] Industrial and Labour Information, Vol. L, April 2, 1934, p. 24.

Only a few countries have included unemployed girls in their plans. Frequently the development is still in an experimental stage and limited in scope.

In Vienna,[11] a committee for the care of unemployed young people and such juveniles as were affected by their families' unemployment (Jugend In Not) operated 105 day centers during the winter of 1932–33. Centers were opened daily from 2:00 to 7:00 o'clock for boys and girls between fourteen and twenty-one years of age. Eighty-two of the centers served boys only, and twenty-three were for girls. During the twenty-two weeks of operation, a total of 735,212 young people visited them, of whom 71,000 were girls. Seventy-one per cent of the boys and 89 per cent of the girls were not on relief, although unemployed. Five hundred doctors, including fifty dentists, gave their services free for whatever care was needed by the visitors.

The general plan of the centers called for four hours work a day for four days a week. One full day was set aside for social and educational projects, although some recreation was provided every day. No wages were paid but the visitors were given free lunches. The center also repaired their shoes and clothing whenever necessary.

The work in the centers depended on the needs of the neighborhood and the interests of the visitors. It always included the management and housekeeping of the center, repairing of shoes and clothing, and work on metal and wood. Many groups did housekeeping for handicapped and aged people in the neighborhood. They also read to them, took invalids out for rides in wheelchairs and assisted day nurseries and playgrounds of the neighborhood in their work with the children. Social activities included trips of inspection to museums, churches, factories and other places of interest; as well as a variety of lectures, plays, music and dancing. During 1933 the committee spent nine hundred thousand shillings ($169,740) on the work of these centers. Their funds were made up both of private contributions and of subsidies from public agencies.

In England[5, 12] the law provides that junior employment training

[11] Wohlfahrtsblatter der Stadt Wien, 1934.

[5] Great Britain, Royal Commission on Unemployment Insurance, Final Report, 1932, p. 312.
Great Britain, Ministry of Labour. Reports on the Work of Local Committees for the Years 1931, 1932 and 1933. London, 1932–1934.
Local Committees for Juvenile Unemployment in Great Britain. (In International Labour Review, Vol. XXVII, January, 1933, pp. 74–80.)

[12] Royal Commission on Unemployment Insurance, Final Report, 1932, pp. 316–322.

centers may be established for either boys or girls if, within the range of five miles of the proposed center, there reside at least fifty unemployed juveniles of the sex for which the center is being planned, of whom thirty-five must be claimants of unemployment benefits.

Mixed centers for both sexes may be established if there are, within a five mile radius, fifty unemployed juveniles of whom forty are benefit claimants. There must be not less than twenty of each sex, sixteen of whom must be claimants. Centers cease to be recognized when the average attendance falls below forty in any four consecutive weeks.

Instruction is given five days a week. It is not intended to be preparatory to specific occupations, but is of a general and practical nature. Subjects which have some connection with the industry of the particular areas are usually stressed. In the centers where boys are trained, the following subjects, among others, are taught: woodwork (furniture repairing, carving, picture framing, varnishing), metal work (tinsmithing and forging), weaving (cane chair repairing, upholstering, mat and rug making), shoe repairing, leather work, book binding, bookkeeping and shorthand. In the centers for girls, housekeeping is emphasized in addition to hygiene, first aid, home nursing, shorthand and bookkeeping. Classes in general subjects such as English, History, Civics, Arithmetic, Drawing and Painting, and in physical training and organized recreation are included in the curriculum.

If requirements cannot be met for the establishment of such centers, training classes for juniors are conducted at available continuation or technical schools. All centers and training classes work in close co-operation with the local placement agencies. The government pays 75 per cent of the total cost, the balance being met by the educational authorities of the areas in which those attending reside.

A similar plan has been followed in Germany where day centers for handicapped,[13] unemployed juveniles have been established. Day centers in connection with the voluntary work service[13] have recently been discontinued, the work service now only using out-of-town camps. The voluntary work program for girls[14] has been reorganized allowing for an average enrollment of ten thousand unemployed girls during 1934. Only girls between seventeen and

[13] Kraus, H. Work Relief in Germany. New York, Russell Sage Foundation, 1934, pp. 68–75.

[14] Soziale Praxis, May 15, 1934.

twenty-five years of age will be admitted, with preference given to the age groups from nineteen to twenty-two. The participation of high school and college graduates, and college students is limited to 20 per cent of the enrollment.

Those who volunteer for the work service are expected to continue for a minimum of thirteen weeks, the normal period being twenty-six weeks. In special cases they are allowed to continue up to fifty-two weeks. The girls' voluntary work service uses three types of centers, one for girls from the cities, another for girls from the country, and the third for volunteers from both city and country.

In the first two types of centers the work is in the main devoted to housekeeping, sewing and gardening in connection with the operation of the centers, as well as for social agencies and needy families of the neighborhood. Centers of the third type are located in the country in connection with the homestead development of large estates. The farm women on these new homesteads have been found to need a great deal of outside assistance for the first few years of their new venture. The girls' camps (each consisting of a group of ten to twenty volunteers) are organized so as to make available to these individual families aid in farming, housekeeping and care of the children, besides meeting other needs in the new communities.

On November 30, 1933, a total of 226,500 young workers (boys and girls) were organized under the voluntary work service covering 3,172 projects.[15] Workers were distributed as follows: 170,000 employed on land reclamation; 40,000 on road building; 37,800 on the national winter campaign for social aid (Winterhilfe); 19,400 on reforestation; 18,900 on subsistence homesteads and workers' garden projects; and 2,200 on the building of playgrounds, health camps, and other recreational projects. At the same time, one national and twenty-one regional training camps for camp leaders were in operation.

As a rule, six hours a day in camp were devoted to actual work, while from two to four hours a day were reserved for an educational program fitting the needs and interests of the group. Considerable time and effort were frequently devoted to beautifying the living quarters and site of the camp, this being a co-operative project.

The German voluntary work service is now predominantly financed from federal funds.

[15] Reichsarbeitsblatt, January, 1934.

In view of the success of day centers established by a private social agency for young unemployed workers in Czechoslovakia,[16] the Ministry of Social Welfare of that country has decided to nationalize the scheme. During 1934, forty centers will be established throughout the country, particularly in the districts most seriously affected by the depression. Admission to each center will be limited to fifty persons from eighteen to twenty years of age. A program combining education and employment is to be followed. In addition to these day centers, three camps will be established on an experimental basis. Besides tasks involving manual labor, the program will include general educational courses, discussions, games and physical exercise. Campers will be lodged, fed and provided with working clothes and shoes; they will be insured against sickness and accident and will receive small cash allowances.

In Denmark,[17] a government act of May 20, 1933, established a fund for subsidizing voluntary work service for unemployed persons between the ages of eighteen and twenty-two. Work service units may be organized by local authorities, private social agencies or trade unions. A special committee consisting of representatives of employers, workers, and of parliament, with a chairman appointed by the Minister of Social Welfare, will examine the programs of work submitted by the organizing agencies with a particular view to protecting the labor market.

In the early part of 1933, the Norwegian[18] government decided that neither the state nor local authorities would be able to finance voluntary work service. As a result, a private association of influential persons was established, with the Minister of Social Welfare as chairman, to solicit the private funds for the operation of a number of voluntary work camps for unemployed persons between the ages of eighteen and twenty-four.

In Poland,[19] the Minister of Social Welfare has drafted uniform regulations and instructions for day centers and camps for young unemployed. The organization of camps and centers is entrusted to a newly established Polish society for the relief of young unemployed workers, which functions in close collaboration

[16] Industrial and Labour Information, Vol. L, May 7, 1934, p. 205 and June 4, 1934, p. 342.
[17] Industrial and Labour Information, Vol. XLVII, July 24, 1933, p. 165.
[18] Industrial and Labour Information, Vol. XLVII, September 11, 1933, p. 368.
[19] Industrial and Labour Information, Vol. XLIX, March 12, 1934, p. 368, and Vol. L, May 7, 1934, p. 206.

with the Ministry of Social Welfare. Its program calls for the enrollment of ten thousand young workers during 1934, to be engaged primarily in work on rivers, construction of railway lines and motor roads, health camps, playgrounds, land improvement, airports and various work shops. The society has organized training courses for instructors in charge of the Juvenile Occupational Centers. Besides receiving voluntary contributions, the society receives financial support from the Ministry of Social Welfare and the Unemployment Insurance Fund.

In Switzerland,[20] a federal order of April 13, 1933, has made provision for a federal subsidy to labor camps, amounting to 40 per cent of the costs of maintenance and transportation of the unemployed persons served. In 1933, forty-five such camps had been organized (four of them by student associations) giving training and employment to between twelve hundred and fourteen hundred persons for periods of from two to four months each.

The earliest camps[21] in Switzerland were started in March 1932 by a Zurich federation of social agencies, and were the outgrowth of a desire to co-ordinate various scattered efforts for helping unemployed juveniles. The first task undertaken was building or remodeling several country hotels for juvenile wanderers. More recently, the voluntary work service has centered its attention on the construction of inexpensive week-end and holiday cottages for working class families. Groups of cottages are planned on selected sites, many of which have been inaccessible because of lack of roads. The plots have needed much clearing and reclamation before they could be utilized.

The first of these holiday camps, which is also the largest, has been built on a site which for several centuries had been useless because of a small river that periodically overflowed its boundaries and damaged the surrounding neighborhood. Several decades ago, the last farmers of this region had moved away, migrating to Brazil. The voluntary work service has built a series of dams making the site safe and habitable. Cottages have been erected which will be rented for a nominal charge to families in reduced circumstances.

The Swiss voluntary work service is co-operatively financed, usually on the following terms: two-fifths of the cost is borne by the federal government, one-fifth by the state (canton), one-fifth

[20] Industrial and Labour Information, Vol. L, May 14, 1934, p. 248.
[21] Pro Juventute, Nos. 4, 5, 6, 1934.

by the town from which the workers come, and one-fifth by some co-operating private agency, such as character-building organizations, workers' co-operative or other non-profit associations.

In April, 1934, the Swedish[22] government introduced a bill advocating the extension of young people's training courses as organized by the local unemployment committees, and the expansion of the voluntary labor service.

These measures would employ about fifteen thousand young workers during the year. The bill is based largely on the findings of a study made by a special committee of experts appointed to consider this subject. The committee felt that the problem of juvenile unemployment is primarily one of giving young people occupation and training, and that other means than simple cash relief must be provided.

There are indications of a tendency to change the voluntary work service into a more or less compulsory system. The German government has already made participation obligatory for some groups such as college students and young teachers, and has definitely stated its intention of introducing national-wide compulsory work in the near future.

Compulsory work service, introduced in Bulgaria[23] in 1920, was not originally planned as a means of combating unemployment. It was intended to enable the state to obtain, in lieu of certain taxes, free labor for various kinds of work of importance to the general welfare of the country.

The service aimed:

> . . . to organize and utilize the labor power of the country on a social basis, in the interest of production and the welfare of the country; to awaken a love of work in the service of the community and of physical activity; and to improve the moral and economic conditions of the people.

As a result of this service, many towns and villages have been surveyed; streets have been widened, paved and strengthened; miles of local roads have been constructed; bridges have been built; libraries erected; and water and electric light supplied to many villages. Hundreds of acres of trees have been planted; two harbors have been built on the Black Sea, bringing an isolated corner into touch with the rest of the country; a large swamp between two rivers has been drained, releasing forty thousand acres of exceedingly rich land.

[22] Industrial and Labour Information, Vol. L, April 30, 1934, p. 163, and May 28, 1934, p. 304.

[23] International Labour Review, Vol. XXVII, April, 1933, p. 514.
Choukanoff, Boyan. Bulgaria's Labor Battalions. (In Current History, Vol. XL, April, 1934, pp. 44–48.)

The act establishing the service makes a distinction between the regular period of service required (eight months for all able-bodied men between the ages of twenty and forty, and four months for women between the ages of sixteen and thirty, and repeated temporary service, the length of which may not exceed twenty-one days per year.

All school children and university students are likewise expected to give annual service (frequently amounting to a week in the spring and another in the fall) which is devoted to the school and civic development.

For financial reasons and because the state at present cannot utilize the services of all eligibles, two important modifications have recently been made; the service for women has been temporarily suspended and the exemptions for men have been extended. The number of workers recruited for regular service has varied in different years, but has averaged approximately twenty thousand. Since the depression the numbers have been increased and mainly unemployed young persons have been recruited. The State provides for their maintenance while enrolled.

The Union of South Africa introduced a form of work service in the spring of 1933, which, while not compulsory, appears to be quasi-military in character. This project, set up by the Department of Defense,[24] consists of a special Service Battalion in which unemployed youths between the ages of seventeen and twenty-two may enlist. Two thousand young men received this military and physical training in 1933. The battalion is a unit of the permanent military force. In addition to being clothed, housed and fed, members receive a minimum daily wage of one shilling.

The objects of the Service Battalion are: to provide temporary employment; to sustain the morale of the younger generation, and by means of military discipline, to create self-reliant citizens; and to train the enrollees for suitable permanent employment. The training period is from nine to twelve months long. Civil service examinations for government departments, such as the police and prison administrations, will be open to recruits on a preferred appointment basis, after completion of this training.

[24] South Africa, Union of, Department of Defense, Annual Report, June, 1933.

IX. GOVERNMENT EFFORTS TO REDISTRIBUTE AND CREATE WORK

Beyond assisting the unemployed to meet their immediate needs and to preserve their working capacity, governments have given much consideration to various ways and means of redistributing the labor supply and creating additional employment. Little material is at hand on which to base international comparisons, and so rapid are the changes that nearly every day brings word of some new plan to create governmental work. Information[1] which is available, though scattered and of uneven value, indicates that a few definite paths are being followed in the main. These are:

1. Introduction of increased trade facilities; such as change in tariffs, export guaranties and export credit insurance, or currency inflation.

2. National redistribution of available work by restricting or eliminating the employment of women, children, over-aged workers, and "double earners," as well as of foreigners and other minority groups of workers. In this category belond also the temporary withdrawal of young workers from the labor market through compulsory work or military service, general reductions in working time, planned transfers of labor on a large scale, attempts to stabilize seasonal fluctuations, and finally the release of postponed public works.

3. Efforts to induce industry to increase the number of employees, and consumers to buy more goods. Included here are reductions of general or specific taxes in proportion to increased payrolls or commodity purchases, as well as loans and grants, either to increase purchasing power in specified directions, or as a subsidy to wages.

4. Direct methods of emergency employment, either for wages or only for maintenance. This would include all programs instituted by governments to give temporary employment, such as public works, relief works, work relief, voluntary work service and some forms of made work shared with industry.

A few nations, notably Germany,[2] appear to be trying all these measures at once; but most governmental programs concentrate heavily upon providing emergency employment, the range of which is too varied for adequate description. A student of international policies would be likely to estimate, however, that the other measures mentioned above would be more worthy of study and more effective in the long run.

[1] International Labour Office. Unemployment and Public Works (Studies and reports, Series C, No. 15). Geneva, 1931.
Bernhard, E. Winter Building as a Remedy for Seasonal Unemployment. (In International Labour Review, Vol. XXIV, August-September, 1931, pp. 176–200.)
Martin, P. W. World Economic Reconstruction: An Analysis of the Economic Resolution Adopted by the International Labour Conference. (In International Labour Review, Vol. XXVI, August, 1932, pp. 199–223.)
Cassel, G. World Economic Reconstruction. (In International Labour Review, Vol. XXVI, November, 1932, pp. 644–648.)
Woytinsky, W. International Measures to Create Employment. (In International Labour Review, Vol. XXV, January, 1932, pp. 1–22.)
Bouniatian, M. Technical Progress and Unemployment. (In International Labour Review, Vol. XXVII, March, 1933, pp. 327–348.)
Lederer, E. Technical Progress and Unemployment. (In International Labour Review, Vol. XXVIII, July, 1933, pp. 1–25.)
Pfannschmidt, M. Standort, Landesplanung, Baupolitik, Berlin, 1932.
Quante, P. Arbeitsbeschaffung und Rentabilitaet. (In Schmollers Jahrbuch, February, 1933.)
Frankfurter Zeitung, Wirtschaftsheft 10, April, 1934.
Industrial and Labour Information, all issues since 1931.

INCREASE OF TRADE FACILITIES

The scope of this study does not allow for a discussion of the various trade facilities recently introduced in the most important countries. Trade tends, of course, to be strongly stimulated by currency inflation, guaranties for the export industry, and increased tariff protection for industries producing mainly for the home market; but the simultaneous application of these methods by several competing countries will obviously counteract the desired benefits, with the result that international trade difficulties and labor problems increase rather than diminish.

REDISTRIBUTION OF LABOR

As regards redistribution of available work, the depression has hastened some very desirable tendencies. Child labor in many countries has been notably lessened and increased interest has arisen in old age retirement schemes. There has been a general reduction in daily and weekly working hours. At the same time, some steps have been taken which from a social and economic view point are undesirable: The policy[3] of excluding women workers, especially married women, from gainful work has been officially accepted in Germany, Austria, the Free State of Danzig, and to some extent, in Italy and Switzerland, and it is beginning to be noticeable in many other countries.

[2] Frankfurter Zeitung, Wirtschaftsheft 10, April, 1934.
[3] Thibert, Marguerite. The Economic Depression and the Employment of Women. (In International Labour Review, Vol. XXVII, April, 1933, pp. 443–470 and May, 1933, pp. 620–630.)

Most European countries have introduced severe restrictions[4] on the employment of foreigners. New immigrants are refused work permits, and permits are revoked from those of longer residence. In consequence of this, international migration has been considerably reduced.

In normal times, for instance,[2] France employs many foreigners, chiefly Italians and Poles. Through restricting their employment, some five hundred thousand jobs have recently been reopened for French unemployed workers. Work permits have not been renewed for large numbers of Polish farm workers who formerly went to Germany[5] for seasonal employment, thus greatly increasing the unemployment problem in Poland, while creating several hundred thousand additional openings for German industrial workers on the land. The Swiss government[6] is making special efforts to induce unemployed citizens to fill several thousand openings in agriculture and housework, occupations which did not appeal to the Swiss, and for which, even during the depression, work permits had been granted to foreigners.

Planned transfers of labor have been organized in a few countries on a limited scale. In Switzerland, it is difficult to induce the unemployed to leave their own communities, even when reasonable chances for re-employment exist in other parts of the country. The government has therefore adopted the policy of disallowing claims for unemployment relief to workers who decline such jobs.[6] Watch makers from western Switzerland have been transferred into farm occupations in the east, while women workers from the watch industry have been transferred into the shoe industry. Unmarried men from the cities have been sent back to rural communities of their origin.

In Great Britain an Industrial Transference Board was appointed in June 1928 to facilitate the transfer of "stranded" workers and in particular of miners, for whom opportunities of employment in their own district or occupation were no longer available. During its time of activity, the board has removed one hundred and twenty thousand persons from depressed areas to other parts of England, the cost of removal being met from public

[2] Frankfurter Zeitung, Wirtschaftsheft 10, April, 1934.
[4] Neale, E. P. Migration and Depression. (In International Labour Review, Vol. XXVI, December, 1932, pp. 813-825.)
[5] Rabinovitch, G. S. The Seasonal Emigration of Polish Agricultural Workers to Germany. (In International Labour Review, Vol. XXV, February, 1932, pp. 213-235 and March, 1932, pp. 332-367.)
[6] Soziale Praxis, March 15, 1934.

funds. Great Britain[7] also provided financial assistance to certain workers who were willing to emigrate to Canada, Australia or New Zealand. Under the provisions of the Empire Settlement Act passed in 1922, this financial aid known as "assisted migration," was chiefly in the forms of grants or loans toward the cost of the steamship fare. However, some funds were available for preliminary training in farm work and domestic service and also for care after arrival overseas for single women and children. During the period 1922 to 1933, 404,729 migrants received some form of financial aid at a total cost to the British government of upwards of six million pounds. This total includes £1,436,000 contributed between 1925 and 1933 to Australia for the purpose of development in order to afford opportunities for new migrants.

The Soviet Union[8] established on August 16, 1933, a Migration Committee which is charged with drawing up a plan for migration within Russian territory, preparing a list of districts suitable for settlement, and organizing the selection and transportation of the migrants, who will be assigned to collective farms. The committee will also give all necessary help in the economic and agricultural organization of the new settlements.

Various states in Brazil[9] have taken measures to transfer urban unemployed workers to the farms. During the first ten months of 1931, the state of Sao Paulo transferred 47,063 workers from the capital to agricultural work in the interior.

The release of public works planned and financed in advance, but definitely postponed until a depression, has been disappointingly slight. Steps were taken in several countries before the war, to encourage such a program, but the abnormal economic situation has prevented advanced planning in most countries.

In France[10] the National Economic Council in 1927, at the request of the government, drew up a program especially designed to meet the possibility of general unemployment, to which it attached a plan of the works ready to be put in hand, should the crisis, then in its early stages, show signs of developing. In Germany,[10] in consequence of temporary improvement of the eco-

[7] Great Britain, Inter-departmental Committee on Migration Policy. Report to the Secretary of State for Dominion Affairs, August, 1934.
[8] Industrial and Labour Information, Vol. XLVII, September 25, 1933, p. 422.
[9] International Labour Office. Employment Exchanges (Studies and reports, Series C, No. 18). Geneva, 1933, p. 143.
[10] International Labour Office. Unemployment and Public Works.

nomic position and of the labor market in the spring and summer of 1927, the Federal Ministry of Labor requested all public authorities and departments to postpone as far as possible their orders for construction or supplies. In Great Britain,[10] the question of advanced planning has been investigated by a number of boards in recent years. The conference of Employers and Trade Unionists on Industrial Reorganization and Industrial Relations in its interim joint report on unemployment, March, 1929, proposed as one of a number of special measures for immediate adoption, the establishment of a "development fund," such as was set up in Great Britain before the war, on a small scale,

> For the purpose of having a state reserve fund to stimulate industry and to provide employment, particularly during times of depression. . . . Such a fund would have some effect upon the operation of the trade cycle. In order to carry out this suggestion, it is considered that the government should create and maintain a fund large enough to be used for financing important national schemes.

Sweden[10] has, at least since 1910, officially adopted the policy of reserving suitable public works for times of depression. It has for many years succeeded in employing the majority of unemployed on such reserved works,[11] instead of giving direct relief.

ASSISTANCE TO INDUSTRY AND TO INDIVIDUALS

Substantial subsidies to industry, as a means of indirectly securing employment, has been frankly accepted as effective in Switzerland[12] and in Great Britain, and to a less extent in some other countries.

As far back as 1921, the Swiss Federal Council, wishing to give preference to economic reconstruction rather than mere relief, turned its attention to those industries which were suffering most severely. Subsidies, half of which had to be paid by the canton, were to be granted to these industries under the order of September 30, 1921, subject to the following conditions:

1. They must insure the employment of workers who would otherwise have been dismissed.
2. They should not be paid unless the companies would otherwise have shown a deficit.

[10] International Labour Office. Unemployment and Public Works.
[11] See Chapter IV.
[12] Spates, T. G., and Rabinovitch, G. S. Unemployment Insurance in Switzerland. New York, Industrial Relations Counselors, 1931.

3. The amount of the subsidies should not exceed the sum which otherwise would have been paid in the form of relief to the members of the staff who would have been dismissed.
4. The advances were to be refunded as soon as economic conditions made repayment possible.

Employers in many cases declined to have recourse to the provisions of this act, probably because of the formalities involved in obtaining the subsidies. The embroidery and watch making industries, however, received substantial loans and subsidies for a number of years.

This measure, which served the double purpose of reducing the cost of relief and employing the greatest possible number of workers, remained in force until April, 1924, when it was repealed together with all other emergency measures.

England[13] spent 190 million pounds for seventeen thousand public works projects between 1920 and 1932. Since the latter year, only indirect methods of stimulating employment have been used, among others, subsidies to shipyards and to the sugar beet industry. Many countries have over a considerable period attempted with varying success to stimulate building activities.

Other specified forms of assistance to industry and agriculture, as well as to individuals in order to stimulate additional consumption and employment, have been employed recently in a few countries as a supplement to other re-employment plans.

Some examples of a growing tendency to extend governmental privileges to industry are given below.

In Germany,[2] a federal act of November 28, 1933, authorizes the cancellation of tax delinquencies to all persons who invest the delinquent sum in the repair, remodeling or purchasing of industrial equipment. Another act of June 1, 1933, authorizes tax reductions to industry for any investment in new machinery. A federal act of September 4, 1932, supplemented by an act of January 28, 1933, authorizes the issuance of 100 marks in credit to each employer for every additional employee hired between October 1932 and September 1933, such credit to be used toward the payment of federal taxes during the next five years. A federal act of January 24, 1933, authorized considerable funds as subsidies for the repair and remodeling of business offices and factories; another act of February 22, 1933, authorized credits and subsidies for the improvement and repair of barns, outhouses, etc., on farms; and

[2] Frankfurter Zeitung, Wirtschaftsheft 10, April, 1934.
[13] London Times, August 18, 1933.

finally, a federal act of October 31, 1933, authorized the Secretary of Finance to endorse private loans extended by banks and credit associations to tradesmen, up to a total of ten million marks.

In New Zealand,[14] the Unemployment Board has authorized subsidies to farmers for employing additional hands, amounting to from five to twenty-five shillings per week and man, providing employment for 5,200 men in January, 1933, while at the same time, subsidies reimbursing up to 50 per cent of labor costs were allowed on a variety of farm developments, especially buildings, providing work for 2,400 men. From June 1 until September 12, 1933, practically all building operations were allowed subsidies:

The unemployment fund contributed one-half to one-third of the approved wage rates for a forty hour working week, for all workers employed on the sites of the new buildings or buildings in course of renovation. Previous to this plan, about 90 per cent of the building trades were unemployed. The scheme resulted in a considerable increase in building operations. The total cost of buildings erected during the fiscal years 1932 (ending in March) was £2,700,000; in 1933 (ending in March), £2,500,000; from June to October 1933 (while the subsidy plan was in effect), £4,127,000. The government subsidy commitment for this period was only £483,000.

In Estonia,[15] a government plan provided for the re-employment of about 1,000 agriculture workers during 1934 by allowing subsidies to farmers, covering the total cost of cash wages paid to extra workers during one year, while the farmers provided the necessary board and lodging.

In South Africa,[16] farmers have been encouraged to give work to Europeans by the authorization of government loans to provide suitable housing, of £50 for each European employed. Twenty per cent of these loans will be written off for each year the same men are retained. An additional bonus up to £2 a month will be guaranteed by government to supplement the employees' wages.

The following are examples of government extension of privileges to individuals.

In Germany,[2] a number of federal ordinances, such as those of April, September and November, 1932, have authorized the use of funds obtained from a special housing tax to extend credit to

[2] Frankfurter Zeitung, Wirtschaftsheft 10, April, 1934.
[14] Riches, E. J. Unemployment Relief Measures in New Zealand. (In International Labour Review, Vol. XXIX, January, 1934, pp. 21-42.)
[15] Industrial and Labour Information, Vol. L, May 7, 1934, p. 201.
[16] Industrial and Labour Information, Vol. L, April 9, 1934, p. 53.

property owners for remodeling and repairing private dwellings. The Secretary of Labor has also been authorized to endorse private loans for the same purpose, and to subsidize such debtors to enable them to meet the payment of interest on these loans. Fifty per cent of the total cost of subdividing large apartments or one-family houses into independent units and 20 per cent of the cost of general repair work are met by subsidies. A federal act of March 10, 1933, has authorized the Federal Unemployment Insurance Bureau to create a fund for loans to promote small home building, while another of December 1, 1933, grants tax exemptions and tax reductions of various kinds until 1938, for all new buildings erected during a specified period.

Two acts of April 10 and May 31, 1933, grant tax exemption on all new automobiles and tax reduction on second hand cars bought during 1933.

Employers of additional domestic servants have been freed from contributing to the unemployment insurance fund by an act of May 12, 1933, and have been granted a considerable reduction of income tax on account of employing up to three servants per household (act of June 1, 1933).

Other types of privileges aiming at increased employment have been granted under a federal act of June 1, 1933, by authorizing two hundred million marks for loans and grants to increase the purchasing power of the unemployed and other low-income groups in buying clothes and household necessities. This provision includes a special scheme of government loans to young couples[17] intending to be married, the purpose being to promote early marriages and withdraw women from the labor market, and to stimulate trade in such industries as furniture, linen, and hardware. The loans can be used to buy only household necessities, and must be paid back within ten years. Applications for Marriage Loans received between August, 1933, and the middle of February, 1934, numbered 194,485, and those granted amounted to 120,500,000 marks.

In Poland,[18] loans and subsidies for building purposes are chiefly for low-cost housing, and the methods are very similar to those in Germany. The program has been in effect for some time, and is expected to create additional employment for some seventy-thousand workers during 1934.

[17] Industrial and Labour Information, Vol. L, May 14, 1934, p. 249.
[18] Frankfurter Zeitung, Wirtschaftsheft 10.

EMERGENCY PUBLIC EMPLOYMENT

As previously mentioned, most labor-creating projects[19] fall under the heading of direct emergency employment, for wages or for maintenance. On the whole, these programs do not offer many features of particular interest, since very similar methods are followed in all countries. Most of the work undertaken is of a nature such as to offer employment to large numbers of unskilled labor.

Since it is desired to spend the greatest possible amount of available funds on wages, the cost of material and machinery on these projects has generally been restricted. There is some indication however, that such restrictions are no longer considered altogether wise, since they fail to benefit the labor market through re-employment in consequence of increased use of material and machinery. This secondary employment is now beginning to be considered of practically equal importance with the direct provision of work opportunities.

EMERGENCY PUBLIC EMPLOYMENT; SMALL DIFFERENTIATED PROGRAMS

In order to spread employment more evenly under emergency work conditions, and in order also to make use of the experience and skills of the unemployed so as to maintain and develop them for future normal chances of employment, the tendency is also evident to introduce a greater variation as to type of work. This incidentally makes for smaller work units, consisting in some cases of individual projects planned for a single person.

A particularly interesting form of emergency employment has been developed in Russia,[20] in organizing and subsidizing co-operative associations (Artels) of unemployed. By a decree of September 22, 1924, the employment exchanges were charged with the organization of three kinds of collective associations of unemployed workers. These were labor associations; for instance, dockets, street-clearers, handymen, hair dressers; protective associations; that is, groups willing to rent or buy repair shops or small industrial undertakings; and commercial associations of street venders, itinerant traders, managers of book stores, and so on. These associations were each managed by an agent appointed by the executive

[19] See Chapter IX, p. 78.

[20] The Provision of Work for the Unemployed in the U. S. S. R. (In International Labour Review, Vol. XXII, July, 1930, pp. 46–69.)
The Labor "Artel" in Soviet Russia. (In Monthly Labor Review, United States Bureau of Labor Statistics), Vol. XXXIV, June, 1932, pp. 1345–1350.

committee of the employment exchange. The associations formed a union of collective organizations managed by a committee selected in the same manner.

The income of the collective associations was derived from subsidies granted from state and local funds, profits realized by the collective associations, and payment for six months in advance by the local Social Insurance Fund of unemployment benefits due the members. It was the duty of the employment agencies to see that unemployed workers in collective associations were replaced by others in rotation at fixed intervals. Only the executive staff was continued on an indeterminate basis. In 1929, these associations provided work for 11 per cent of the unemployed, thus using quite effectively a form of team work which can be traced back in Russia as far as the twelfth century.

In New Zealand,[14] the Unemployment Board has authorized subsidies of fifteen to thirty shillings a week to gold prospectors working in groups of two or more. Allowances of thirty-five shillings weekly for limited periods are granted to unemployed individuals willing to reclaim abandoned farms. Workers who wish to settle on a small farm or subsistence homestead are helped by loans and grants, and in addition receive a weekly allowance of twenty shillings for a limited period, while working on their own project.

In Germany,[21] the Federal Unemployment Insurance Bureau recently allotted four hundred thousand marks for special work projects using professional workers. A research program of national importance has been drawn up. Subsidies will be granted preferably to collaborating groups of unemployed professional workers, rather than to isolated research workers.

Loans[22] from Unemployment Funds are also authorized to be granted to individual business and professional people of at least forty years of age and without sufficient means of income to provide for the necessities of life, if they can submit a definite plan for some enterprise that would provide a living for them for a reasonable time. These loans carry a low rate of interest and are adjusted to individual conditions. As a rule, the maximum loan is two thousand marks, and it must be amortized in from two to four years. The local employment exchange must certify that the applicant has no prospect of otherwise finding a suitable job, before a loan can be granted. It must not be used for maintenance,

[21] Deutscher Reichsanzeiger. February 24, 1934.

[22] Reichsarbeitsblatt, October 5, 1933.

but relief or unemployment insurance benefits may be continued for a limited period if they are already in effect.

Although these loan funds have been of minor importance in the re-employment of over-aged and handicapped workers as compared to the provisions of the act of 1919,[23] their use has in a number of cases met successfully the specific needs of well-qualified people with initiative and executive ability, and started them back on the road to independence.

In December, 1933, the Swiss[24] Federal Council allocated funds for aiding talented Swiss musicians in a way which also might be considered a highly individualized form of work relief. The amount and nature of relief varies with the needs of each particular case. It may consist of the purchase of compositions by talented musicians, the organization of concerts, or the purchase of musical instruments to enable the musician to practice. In special cases, subsidies may be given without an equivalent return in service. Musicians whose resources are not less than their minimum living needs are requested not to apply for this relief, but to leave it for their less fortunate colleagues.

EMERGENCY PUBLIC EMPLOYMENT; MASS PROGRAMS

The majority of projects carried on in the countries studied may be grouped under the following headings:

1. Transportation—Road construction and repair; alteration of watercourses; building of canals, bridges and dams; railway construction and electrification; building airports.

2. Land reclamation—Swamp drainage; malaria control; land clearance; reforestation; prevention of erosion.

3. Housing—Slum clearance; demolition of condemned buildings; repair and remodeling buildings; construction of low cost homes for workers and of other multiple and single dwellings; establishment of subsistence homesteads and small farms.

4. Extension of public services for education, health and social welfare—Construction of parks, playgrounds, swimming pools, gymnasiums, athletic fields; repair and construction of public buildings such as schools, churches, hospitals, libraries, court houses, prisons, social institutions, museums; preservation of monuments; construction and enlargement of cemeteries; development of sanitation.

[23] Chapter VI. Sheltered Employment, p. 51.
[24] Industrial and Labour Information, Vol. XLIX, March 19, 1934, p. 411.

As part of a fundamental effort to replan the economic structure of their countries, and make them increasingly independent of foreign imports, Italy, Germany and the Netherlands have concentrated in large measure on land reclamation, while other countries with abundant land waiting for more intensive cultivation have vigorously promoted land settlement schemes.

Canada[25] has carried on extensive experiments in settling on farms unemployed families who had been on relief, following a policy inaugurated in the fall of 1930, under the so-called Relief Settlement Plan. A portion of the public funds which would otherwise have been spent on direct relief was applied to this purpose, and during the year ending March 31, 1933, 1,563 relief families with 6,951 dependents, in addition to some 4,000 families and 5,500 single men with previous farm experience and in possession of some capital, were settled on farms. According to a statement made by the Dominion Minister of Labor on February 27, 1933, 86,568 persons moved from towns to farms in Canada, during the two preceding years.

In New Zealand[26] provision has been made for the settlement of approved unemployed persons on small farms, through the small farms act of March 10, 1933, which further authorizes the establishment of a board to promote the assistance of such local communities as the board may deem necessary in the settlement of suitable Crown Lands or private holdings. Lands are to be leased, subject to the right of purchase, to approved persons, or the board may arrange for a grant or lease from a private owner to an approved person as lessee. During the first four years of the term of any lessee, granted under the provisions of this act, the rent may, in case of default, be paid out of the unemployment fund.

Italy[27] has an interesting method for settling lands reclaimed by draining which are turned over when ready for settlement to the National Veterans Association. This association subdivides the land into homestead units and equips each homestead with all necessary machinery, tools and livestock. The homesteads are leased to suitable tenant homesteaders for a period of twenty years, during which time the tenant pays one-half the returns to the association.

[25] Monthly Labor Review (United States Bureau of Labor Statistics), Vol. XXXVI, May, 1933, pp. 1041–1050.
Industrial and Labour Information, Vol. XLIX, March 26, 1934, p. 442.
[26] Industrial and Labour Information, Vol. XLVII, August 7, 1933, u. 226.
[27] Busse, Das Italienische Meliorationswesen. (In Soziale Praxis, April 12, 1934.

In the last few years, the tendency has grown to allow the tenant to acquire ownership by the same twenty-year payment plan, so that his interest, thorough cultivation of the land, and careful handling of all investments will be insured.

In Austria[28] and in Germany[29] subsistence homesteads have been developed on a large scale. The German government further has promoted and subsidized the establishment of small farms,[30] especially for younger sons of farmers who desire to return to the land after some experience in industry, and for suitable unemployed persons from the ranks of migratory farm labor. A federal act of 1919 provided for the acquisition of land for this purpose at reasonable rates through a number of semi-official non-profit agencies. Under this act, large estate owners were obliged to offer for sale at government prices one-third of their land after deducting 100 hectars. At the end of 1933, 850 million hectars had been acquired and for the most part resettled by small farmers. More acreage was made available for settlement as a result of extensive drainage and reclamation work.

In New South Wales, Australia,[31] a movement is on foot, in connection with one of the training schemes for young unemployed persons, for the settlement of large numbers of young men in subsistence homestead communities.

Housing projects[32] have been outstanding, at least in the first years of the depression, in the programs of many of the European countries for labor creation. Construction of dwellings during the war and shortly afterwards was practically at a standstill, chiefly because capital invested in housing property was not sufficiently remunerative to attract speculative investors. During

[28] Rager, F. The Settlement of the Unemployed on the land in Austria. (In International Labour Review, Vol. XXIX, March, 1934, pp. 384–397.)

[29] Soziale Praxis, December, 1933 (No. 49) and March, 1934 (Nos. 9 and 10). Industrial and Labor Information, Vol. L, April 2, 1934, p. 27.

[30] Quante, P. Moeglichkeiten und Grenzen der laendlichen Siedlung. Jahrbuecher fuer Nationaloekonomie und Statistik, 3. Folge, 1933.
Das Deutsche Siedlungswerk. (In Soziale Praxis, May 17, 1934.)

[31] Industrial and Labour Information, Vol. L, April 2, 1934, p. 25.

[32] For more detailed information see:
International Labour Office, Housing Policy in Europe. (Studies and reports, Series G, No. 3), Geneva, 1930.
Guye, R. Building Difficulties and Housing Policy in Post-War Europe. (In International Labour Review, Vol. XXIV, August-September, 1931, pp. 201–227).
International Housing and Town Planning Congress, 13th Session, Berlin, 1931. The Abolition of Slums (In Proceedings, Part I.)
Mequet, G. Housing Problems and the Depression. (In International Labour Review, Vol. XXVII, February, 1933, pp. 159–183).
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the war many countries had to resort to rent moratoria. In the years immediately following the war various restricting legal measures kept rents, in most countries, at a level which was often inadequate even to keep buildings in repair, not to mention interest on the capital invested. What had been earlier looked upon as a safe investment thus underwent considerable depreciation. To remedy the inertia of private enterprise and to meet an urgent demand for better standards and more plentiful low cost housing, public authorities in many countries adopted farreaching measures, intended to encourage house building, repairs and remodeling. Austria, Germany, Great Britain, Italy, Netherlands, Russia and Sweden have, among others promoted considerable building developments, especially along the line of low-cost housing.

Reductions for reasons of economy in construction work such as roads and school building normally ordered by public authorities, and the inertia of private industry as to speculative building, has led in most countries to widespread unemployment in the building trades and their related industries. Experts agree that stimuli applied to these trades by the government housing program are apt to spread more widely and more quickly, and to affect a greater number of workers than if applied to any other industry. This and the further facts that government investments in housing will return reasonable revenues and will decidedly contribute to a better standard of individual and community living, has put housing schemes in the very center of carefully planned re-employment programs.

CONTROVERSIES REGARDING EMERGENCY EMPLOYMENT

Programs of labor creation in most countries have been more a matter of extended controversy[33] than has direct relief to the unemployed. While some groups are convinced that in a long-continued depression the possibilities of truly constructive work become rapidly exhausted, and that projects tend to lose their economic character, others claim that even during hard times an ample supply of capital and abundant labor resources may be wisely utilized in the improvement of the national equipment.

During the last few years, the English government's attitude has been particularly reserved as to the economic effectiveness of any directly created public works projects. A government memorandum by the Conservative Government of 1929 included the following statement:

[33] International Labour Office. Unemployment and Public Works, p. 91.

> A big program of public works is justifiable only on one of three grounds: (a) that the works are urgently required, (b) that they will so improve productive efficiency that their cost will be repaid by an increasing revenue, or (c) that they are wanted to keep from demoralization a valuable labor force temporarily out of work but confident of reabsorption in its own industry within a short period . . . if it is a long program with continuity of work promised to the personnel it draws off labor which would otherwise have found employment, though perhaps with less regularity, in normal industry . . . it is liable to produce lazy work or a disregard on the part of the contractors of the need for economy . . . it would simply create a problem of demobilization at the end of the period.

Without doubt the need of keeping intact a valuable labor force temporarily out of work increases in urgency the longer a crisis lasts. At the same time, deficiencies in the economic and social equipment of a country may become more obvious and more pressing, so that a gradual shift occurs of projects which formerly were in the class of "left overs," or merely desirable improvements, into that of projects which can no longer be delayed, but are vitally needed.[34]

When emergency conditions have lasted for some time it is difficult, if not practically impossible, to recognize definitely whether projects are sound and eligible because the country has to catch up with its social arrears, or whether the projects represent merely an anticipation and acceleration of future demands. Any theoretical classification of this kind is bound to represent evaluations and view points which are challenged when new conditions arise. Recent fundamental changes of attitude as to government and public responsibility for a nation's equipment have found interesting expression in many labor creation programs studied.[35]

On the whole, governments have aimed to create new opportunities for better living and more regular employment through land reclamation, land settlement and housing schemes. In addition, the national equipment for transportation, education, recreation and social service has been surveyed and developed, so that, in accordance with modern economic theories, more capital and more labor have been invested in services in preference to increased equipment for the production of commodities.

[34] Mallery, Otto T. Long Range Planning of Public Works (Chapter XIV, in Business Cycles and Unemployment by the National Bureau of Economic Research, New York, McGraw-Hill Book Company, 1923.)

[35] For instance in Austria, Germany, Italy, Poland, Russia and Turkey.

The problem of financing such programs as have been discussed, whether they use direct or indirect means of stimulating the labor market, has naturally been of outstanding importance in all countries. Pre-existing reserve funds were negligible. In general, financial needs could be met in only three ways: by taxation, by borrowing, or by use of unemployment insurance funds.

It has frequently been argued that governments should not increase the burden of taxation in order to provide more employment, since the only result would be to take money out of the taxpayer's pocket and transfer his purchasing power to another consumer, with no net gain. But if money paid in taxes would otherwise be saved and invested, there is a definite change in the direction of spending when it is placed in the hands of people employed on work relief or public works who would spend it almost entirely on consumption goods. "From a political standpoint, however, a heavy increase in taxation would be most inopportune and possibly suicidal to the party in power. It is this political difficulty which has frequently led to a curtailment of public works during any depression of long duration."[36]

Since during a depression, capital as well as labor tends to be unemployed and therefore comparatively cheap, public authorities have usually little difficulty in floating loans and obtaining money at a favorable rate of interest. Financing by borrowing at the time of a depression, however, only postpones the actual problem, since the loans have to be repaid, and it may well be argued that it is better to provide for the evil day beforehand, rather than mortgage the always uncertain resources of hoped-for prosperous times. Advance financing, in fact, should be considered almost as essential to a truly effective public works and re-employment policy as advance planning. Some method like that suggested by Professor Bowley[36] of continuously linking public works finance to the redemption of the national debt as a permanent, yet flexible item of the national budget, might point towards an effective solution.

In a few countries, the funds collected by payments into unemployment insurance funds[37] have played an important part in

[36] Bowley, A. L., and Stuart, F. D. Regulating the Demand for Labour by Postponing or Accelerating works. (Chapter in "Is Unemployment Inevitable?" by J. J. Astor and others, London, MacMillan, 1924.)

[37] International Labour Conference, 17th Session, Geneva, 1933. Unemployment Insurance and Various Forms of Relief for the Unemployed. Third item on the agenda; first discussion.

financing public works. Under the German and Austrian laws, subsidies to individual projects granted from such funds must not exceed the total savings on benefits effected in consequence of re-employment of former beneficiaries during a limited period of time, but this principle has not been clearly established in Italy, Denmark, France and Sweden.

In Austria,[37] works of public utility may be subsidized by the Unemployment Insurance Fund. As a rule, grants and loans may be made only to public bodies. The Austrian act stipulates that the earnings of persons employed on such subsidized work shall be sufficiently low to eliminate the incentive to move from other occupations, the work being considered only a form of unemployment benefit.

In Germany,[37] the Federal Unemployment Insurance Bureau is empowered to subsidize works of economic utility, undertaken by public bodies, mixed public and private undertakings and private undertakings, provided that they are not carried on for purposes of gain. The rate of subsidy is three marks per man per day. On projects providing more than two thousand man-days, an additional subsidy from federal and state funds may be paid. The subsidies may take the form of loans or grants, those made by the unemployment insurance institution usually taking the latter form. In no case may the total of the subsidies exceed four times the total saving in benefits otherwise paid, or 80 per cent of the total cost of the project. Loans are repayable within a period of from fifteen to twenty years.

In Italy,[37] the Social Insurance Fund may make advances to local authorities to carry out projects of public utility, but the loans must be repaid within two years.

In France,[37] two decrees of 1932 authorize the Minister of Labor to pay subsidies to special public works organized by the local governments, which in no case must exceed 60 per cent of the wage bill.

The capital investments of the insurance systems are also frequently of outstanding importance in stimulating and effectively aiding the development of community facilities, especially in providing low-cost housing, hospitals and clinics, and in financing other socially important public works and re-employment projects. Government control and planned direction of a considerable part of the country's investments is certainly not without significance.

The budget of the Russian[38] Insurance System for the year 1934

[37] *Id.*

[38] Industrial and Labour Information, Vol. L, June 11, 1934, p. 375.

affords an interesting example of the socialized and highly differentiated use of insurance monies. Spain[39] has expressly provided for the so-called social investment, in contrast to financial investments which aim to obtain a normal rate of interest of 30 per cent of its insurance funds. In Germany[40] the capital investments of the state insurance systems, from 1926 to 1930, represented approximately 10 per cent of all national investments during that period, a large percentage of the funds being employed in financing mortgages for low-cost housing. In 1930, the total investments of the social insurance systems of Germany amounted to 3,773 million marks.

[39] —— ——, Vol. L, June 18, 1934, p. 414.

[40] Oppenheimer, Hilde, Editor. Die Wirtschaftlichen Funktionen der Sozialversicherung, Berlin, 1932.

X. INTERNATIONAL TENDENCIES AND CONCLUSIONS

It has been possible to include in the foregoing chapters only a very limited selection of examples of present-day practice, because of the obvious need for a simultaneous and concentrated presentation of significant background material. For this reason, a brief summary of trends and developments may not be amiss to supplement the conclusions drawn in the body of the report.

On the whole, similar tendencies of development appear under all schemes of aiding the unemployed, whether these take the form of voluntary or compulsory insurance, or of relief. A few trends stand out clearly and may be traced in the development of practically every national plan studied. Some of these are: an increasing integration and centralization of agencies; a steady widening of organized protection; increasing differentiation and individualization of means and services; a gradual change in emphasis from temporary aid to an active interest in preventive measures and more constructive remedies; and finally, an increasing recognition of the value of wide community co-operation in social planning and administration. This last tendency is exhibited in various forms of client and volunteer participation, as well as in the frequent intermingling of both public and private resources and services, towards a common end.

As to the pertinent question whether a nation should prefer relief or insurance, and if insurance, what form, the International Labour Conference in its seventeenth session (1933) after exhaustive discussion of the subject has summarized its findings as follows:

> The experience of most countries reveals a general tendency for unemployment benefit schemes to begin with independent local voluntary efforts and to develop gradually into nation-wide contributory systems, frequently compulsory, with public authorities bearing a substantial proportion of the total cost.

Social insurance seems to represent the more dignified and, if contributory, the more economical form of assistance; yet there does not appear to be an entirely clear and distinct line of division between public assistance and insurance. While social insurance was originally developed in order to save self-respecting people from what was thought to be more or less degrading contact with public assistance, the same broadening and liberalizing influences underlying the conception of social insurance have also

influenced the development of public assistance. They have helped and continue to help in making these schemes conform more closely to the social philosophy held by the more progressive minds of the world today. Social insurance, both by its administration and by its investment policies, has challenged and stimulated the corresponding services under the public assistance authority.

Another liberalizing influence has been brought to bear through the arousing of public opinion on behalf of persons who, on account of technical ineligibility, have been forced to give up the protection of social insurance and be transferred to public assistance. Public relief administrators, frequently under the necessity of dealing with persons thus transferred who are resentful of their loss of status and security, have become aware of the need for modifying traditional methods. Ultimately we may expect developments in this field which may make public assistance and social insurance more and more indistinguishable in their main approach.

Comparison of the relief system of a country with undeveloped social legislation with another nation which has a highly developed social insurance system, will give an entirely different result than comparison between the two systems in the same country. Social insurance is likely to be no more socially effective than public assistance in nations with comparatively little traditional development of social responsibility; while in such countries as Austria, Germany and Great Britain, social insurance and public assistance tend to become more and more alike in standards, both operating on a comparatively high level.

On the whole, no country can have a social insurance or public assistance scheme of higher standards than public understanding and opinion will support. When a true sense of common responsibility for the welfare of the people has been successfully established and maintained long enough to develop a nation-wide social policy, it will affect and mold the entire social structure.

A complete social insurance system, well-integrated in all its branches and preferably of a compulsory and contributory nature, would be a most decided step in advance. But it is, at its best, a system of limited protection against limited hazards, covering only a limited group of the population, and it will not satisfy the demands of a socially enlightened population for a system of public assistance, accompanying and underlying social insurances, equally well-administered, and prepared to supplement it by providing care for types of human need which the necessary limitations upon social insurance do not permit it to offer.

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